

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Hope Creek Care Center		
Street Address: 4343 Kennedy Drive		
City and Zip Code: East Moline, IL 61244		
County: Rock Island	Health Service Area: 010	Health Planning Area: 161

Applicant /Co-Applicant Identification

[Provide for each co-applicant (refer to Part 1130.220)].

Exact Legal Name: The County of Rock Island, Illinois	
Address: 1504 Third Avenue, Rock Island, IL 61201	
Name of Registered Agent:	
Name of Chief Executive Officer: Richard Brunk, County Board Chair	
CEO Address: 1504 Third Avenue, Rock Island, IL 60201	
Telephone Number: 309-558-3605	

Type of Ownership of Applicant/Co-Applicant

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> For-profit Corporation	<input checked="" type="checkbox"/> Governmental	
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other

☐ Corporations and limited liability companies must provide an Illinois certificate of good standing.
☐ Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 (IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.)

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name: Charles Sheets
Title: Attorney
Company Name: Polsinelli PC
Address: 150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606
Telephone Number: 312-873-3605
E-mail Address: csheets@polsinelli.com
Fax Number:

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name: David M. Gross
Title: Attorney
Company Name: Strawberry Fields Management Services, LLC
Address: 5683 N. Lincoln Ave, Chicago, IL 60659
Telephone Number: 773-747-4100
E-mail Address: dgross@sfsreit.com
Fax Number:

Facility/Project Identification

Facility Name: Hope Creek Care Center		
Street Address: 4343 Kennedy Drive		
City and Zip Code: East Moline, IL 61244		
County: Rock Island	Health Service Area: 010	Health Planning Area: 161

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: Hope Creek Nursing and Rehabilitation, LLC		
Address: 4343 Kennedy Drive, East Moline, IL 61244		
Name of Registered Agent: David Gross 5683 N. Lincoln Ave, Chicago, IL 60659		
Name of Chief Executive Officer: Michael Blisko		
CEO Address 240 Fencil Lane, Hillside, IL 60162		
Telephone Number: 708-240-4165		

Type of Ownership of Applicant/Co-Applicant

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other

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Additional Contact

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Name: David M. Gross
Title: Attorney
Company Name: Strawberry Fields Management Services, LLC
Address: 5683 N. Lincoln Ave, Chicago, IL 60659
Telephone Number: 773-747-4100
E-mail Address: dgross@sfeit.com
Fax Number:

Facility/Project Identification

Facility Name: Hope Creek Care Center		
Street Address: 4343 Kennedy Drive		
City and Zip Code: East Moline, IL 61244		
County: Rock Island	Health Service Area: 010	Health Planning Area: 161

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: 4343 Kennedy Drive, LLC
Address: 240 Fencel Lane, Hillside, IL 60162
Name of Registered Agent: David Gross 6101 Nimitz Pkwy, South Bend, IN 46628
Name of Chief Executive Officer: Moishe Gubin
CEO Address 240 Fencel Lane, Hillside, IL 60162
Telephone Number: 708-240-4165

Type of Ownership of Applicant/Co-Applicant

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other

☐ Corporations and limited liability companies must provide an Illinois certificate of good standing.
☐ Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

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Additional Contact

[Person who is also authorized to discuss the application for permit]

Name: David M. Gross
Title: Attorney
Company Name: Strawberry Fields Management Services, LLC
Address: 5683 N. Lincoln Ave, Chicago, IL 60659
Telephone Number: 773-747-4100
E-mail Address: dgross@sfeit.com
Fax Number:

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960]

Name: Charles P. Sheets
Title: Attorney
Company Name: Polsinelli
Address: 150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606
Telephone Number: 312-873-3605
E-mail Address: csheets@polsinelli.com
Fax Number:

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: 4343 Kennedy Drive, LLC
Address of Site Owner: 240 Fencil Lane, Hillside, IL 60162
Street Address or Legal Description of Site: 4343 Kennedy Drive, East Moline, IL 61244
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: Hope Creek Nursing and Rehabilitation, LLC		
Address: 4343 Kennedy Drive, East Moline, IL 61244		
<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other
<ul style="list-style-type: none"> Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. 		
APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.		

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements**[Refer to application instructions.]**

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. This map must be in a readable format. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS **ATTACHMENT -5** IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements**[Refer to application instructions.]**

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS **ATTACHMENT-6** IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT**1. Project Classification****[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]**

Part 1110 Classification:

- ☐ Substantive
- ☒ Non-substantive

Part 1120 Applicability or Classification:
[Check one only.]

- ☐ Part 1120 Not Applicable
- ☐ Category A Project
- ☐ Category B Project
- ☐ DHS or DVA Project

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does **NOT** have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

The Rock Island County Board ("County") has been operator and licensee of Hope Creek Care Center since 2009. The proposed project contemplates the transfer of operation control from Rock Island County Board to Hope Creek Nursing and Rehabilitation Center, LLC. Upon approval by the Illinois Health Facilities and Services Review Board ("HFSRB"), Hope Creek Nursing and Rehabilitation Center, LLC will apply to the Illinois Department of Public Health ("IDPH") to become the licensee, necessitating a change of ownership.

As this is currently a County-owned and operated nursing home, this project is not exempt from obtaining HFSRB approval for the change of ownership.

The anticipated date of this transaction will occur when IDPH issues the license to Hope Creek Nursing and Rehabilitation Center, LLC.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)	\$4,000,000		\$4,000,000
TOTAL USES OF FUNDS	\$4,000,000		\$4,000,000
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$4,000,000		\$4,000,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$4,000,000		\$4,000,000
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Purchase Price: \$ _____ Fair Market Value: \$ _____
The project involves the establishment of a new facility or a new category of service <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100. Estimated start-up costs and operating deficit cost is \$ _____.

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

<input checked="" type="checkbox"/> None or not applicable <input type="checkbox"/> Preliminary <input type="checkbox"/> Schematics <input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>Last day of the month in which the CON is granted</u>
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140): <input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed. <input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies <input checked="" type="checkbox"/> Project obligation will occur after permit issuance.
APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable: <input type="checkbox"/> Cancer Registry <input type="checkbox"/> APORS <input type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted <input type="checkbox"/> All reports regarding outstanding permits Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage, either **DGSF** or **BGSF**, must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. Explain the use of any vacated space.

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Nursing	\$4,000,000	124,976				124,976	
Total Clinical	\$4,000,000	124,976				124,976	
NON REVIEWABLE							
Total Non-clinical							
TOTAL	\$4,000,000	124,976				124,976	
APPEND DOCUMENTATION AS ATTACHMENT-9 , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.							

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest Calendar Year for which the data are available. Include observation days in the patient day totals for each bed service. Any bed capacity discrepancy from the Inventory will result in the application being deemed incomplete.

FACILITY NAME: Hope Creek Care Center			CITY: East Moline		
REPORTING PERIOD DATES: From: January 1, 2019 to: December 31, 2019					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care	245	188	53,372	0	245
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
TOTALS:	245	188	53,372	0	245

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o In the case of a corporation, any two of its officers or members of its Board of Directors;
- o In the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o In the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o In the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o In the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of The County of Rock Island, Illinois in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.


SIGNATURE

Richard H. Brunk
PRINTED NAME
Chair

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 1st day of June 2020


Signature of Notary

Seal

OFFICIAL SEAL
CATHERINE M. PRZYBYLA
COMMISSION NO. 888916
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES 01-28-2023


*Insert EXACT legal description of property here

SIGNATURE

PRINTED NAME

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 1st day of June, 2020


Signature of Notary

Seal

OFFICIAL SEAL
CATHERINE M. PRZYBYLA
COMMISSION NO. 888916
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES 01-28-2023

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Hope Creek Nursing and Rehabilitation Center, LLC * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

SIGNATURE

SIGNATURE

Michael Blisko

PRINTED NAME

PRINTED NAME

Manager

PRINTED TITLE

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this _____ day of _____

Notarization:

Subscribed and sworn to before me
this _____ day of _____

Signature of Notary

Signature of Notary

Seal

Seal

*Insert EXACT legal name of the applicant

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of 4343 Kennedy Drive, LLC *
 The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.



SIGNATURE

SIGNATURE

Moisha Gubin

PRINTED NAME

PRINTED NAME

Authorized Signatory

PRINTED TITLE

PRINTED TITLE

Notarization:

Subscribed and sworn to before me

this _____ day of _____

Notarization:

Subscribed and sworn to before me

this _____ day of _____

Signature of Notary

Signature of Notary

Seal

Seal

*Insert EXACT legal name of the applicant

SECTION II – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.
3. For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.
 - a. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application.
 - b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction and submit any police or court records regarding any matters disclosed.
 - c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.
 - d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.
 - e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.
4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
5. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-8) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

- 1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION III - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE**Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space**

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following::
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
 - c. The project involves the conversion of existing space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS **ATTACHMENT-14**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110. Appendix B. A narrative of the rationale that supports the projections must be provided.

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS **ATTACHMENT-15**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function;
3. Evidence that the shell space is being constructed due to
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data are available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV – CHANGE OF OWNERSHIP OF COUNTY-OWNED LONG-TERM CARE FACILITIES

This Section is applicable to projects involving merger, consolidation or acquisition/change of ownership.

NOTE: For all projects involving a change of ownership **THE TRANSACTION DOCUMENT** must be submitted with the application for permit. The transaction document must be signed dated and contain the appropriate contingency language.

A. Criterion 1110.240(b), Impact Statement

Read the criterion and provide an impact statement that contains the following information:

1. Any change in the number of beds or services currently offered.
2. Who the operating entity will be.
3. The reason for the transaction.
4. Any anticipated additions or reductions in employees now and for the two years following completion of the transaction.
5. A cost-benefit analysis for the proposed transaction.

B. Criterion 1110.240(c), Access

Read the criterion and provide the following:

1. The current admission policies for the facilities involved in the proposed transaction.
2. The proposed admission policies for the facilities.
3. A letter from the CEO certifying that the admission policies of the facilities involved will not become more restrictive.

C. Criterion 1110.240(d), Health Care System

Read the criterion and address the following:

1. Explain what the impact of the proposed transaction will be on the other area providers.
2. List all of the facilities within the applicant's health care system and provide the following for each facility.
 - a. the location (town and street address);
 - b. the number of beds;
 - c. a list of services; and
 - d. the utilization figures for each of those services for the last 12 month period.
3. Provide copies of all present and proposed referral agreements for the facilities involved in this transaction.
4. Provide time and distance information for the proposed referrals within the system.
5. Explain the organization policy regarding the use of the care system providers over area providers.
6. Explain how duplication of services within the care system will be resolved.
7. Indicate what services the proposed project will make available to the community that are not now available.

APPEND DOCUMENTATION AS ATTACHMENT-19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

V. 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: Indicate the dollar amount to be provided from the following sources:

<u>\$4,000,000</u>	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	Interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5)	For any option to lease, a copy of the option, including all terms and conditions.
	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
<u>\$4,000,000</u>	TOTAL FUNDS AVAILABLE	

APPEND DOCUMENTATION AS ATTACHMENT-20, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

VI. **1120.130 - Financial Viability**

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. All of the projects capital expenditures are completely funded through internal sources
2. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
3. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-21, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion. When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 22, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

VII. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT -23 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

VIII. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for **ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS**:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-24, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. Charity Care Information

Charity Care Information **MUST** be furnished for **ALL** projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT-25, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Section I, Identification, General Information, and Certification
Applicants

Certificates of Good Standing for Hope Creek Nursing and Rehabilitation Center, LLC and 4343 Kennedy Drive, LLC (collectively, the "Applicants") are attached at Attachment – 1.

Hope Creek Nursing and Rehabilitation Center, LLC will be the operator of the nursing home located at 4343 Kennedy Drive, East Moline, IL 61244 formerly known as Hope Creek Care Center (the "Nursing Home"). Hope Creek Care Center is a trade name of Hope Creek Nursing and Rehabilitation Center, LLC and is not separately organized.

4343 Kennedy Drive, LLC will be the site owner of the Nursing Home.

**State of Indiana
Office of the Secretary of State**

**Certificate of Organization
of
4343 KENNEDY DRIVE, LLC**

I, CONNIE LAWSON, Secretary of State, hereby certify that Articles of Organization of the above Domestic Limited Liability Company have been presented to me at my office, accompanied by the fees prescribed by law and that the documentation presented conforms to law as prescribed by the provisions of the Indiana Code.

NOW, THEREFORE, with this document I certify that said transaction will become effective Monday, June 01, 2020.



In Witness Whereof, I have caused to be affixed my signature and the seal of the State of Indiana, at the City of Indianapolis, June 03, 2020.

Connie Lawson

CONNIE LAWSON
SECRETARY OF STATE

202006011395434 / 8615451

To ensure the certificate's validity, go to <https://bsd.sos.in.gov/PublicBusinessSearch>

Section I, Identification, General Information, and Certification
Site Ownership

A copy of the Asset Purchase Agreement for the facility located at 4343 Kennedy Drive, East Moline, Illinois 61244 is attached at Attachment – 2.

OPERATIONS TRANSFER AGREEMENT

by and between

THE COUNTY OF ROCK ISLAND, ILLINOIS,
as Seller,

and

HOPE CREEK NURSING AND REHABILITATION CENTER, LLC
as New Operator

June __, 2020

Hope Creek Care Center
4343 Kennedy Dr.
East Moline, Illinois 61244

OPERATIONS TRANSFER AGREEMENT

THIS OPERATIONS TRANSFER AGREEMENT (this "*Agreement*") is entered into as of the ____ day of June, 2020, by and between The County of Rock Island, Illinois, a public body corporate and politic of the State of Illinois ("*Seller*"), and East Moline Nursing and Rehabilitation Center, LLC, an Illinois Limited Liability Company, or its permitted assignee ("*New Operator*").

RECITALS

A. Seller is the owner and licensed operator of that certain 245 bed skilled nursing facility (20 beds of which are Medicare beds), which is licensed for 245 skilled nursing beds, commonly known as Hope Creek Care Center Nursing Home, 4343 Kennedy Drive, East Moline, Illinois 61244 (the "*Facility*").

B. Seller has or will be entering into that certain Asset Purchase Agreement (the "*Purchase Agreement*") with 4343 Kennedy Drive, LLC or its permitted assignee ("*Purchaser*"), pursuant to which the Facility and its real and personal property shall be sold to Purchaser.

C. Concurrent with the closing of the transactions contemplated under the Purchase Agreement and this Agreement, on the Commencement Date, New Operator shall be the new licensed operator of the Facility.

D. In order to ensure a smooth transition of the operations of the Facility to New Operator, the parties desire to enter into this Agreement.

AGREEMENT

NOW, THEREFORE, for the mutual promises, representations, warranties and covenants contained herein and in the Purchase Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged by the parties hereto, the parties hereto agree as follows:

1. **COMMENCEMENT DATE.** Although this Agreement shall be effective as of the date first written above, the transfer of operations contemplated by this Agreement shall commence and be effective on and as of the Closing Date, as defined in the Purchase Agreement (the "*Commencement Date*"), and New Operator agrees to cooperate with each other to affect an orderly transfer of the operations of the Facility as of the Commencement Date.

2. **CONDITIONS PRECEDENT.**

a. New Operator's obligation to consummate the transactions contemplated in this Agreement shall be subject to the following conditions precedent on and as of the Commencement Date to the reasonable satisfaction of New Operator or the written waiver thereof by New Operator:

i. Seller shall have duly and timely materially performed and fulfilled all of its material duties, obligations, promises, covenants and agreements hereunder, shall not be in breach of any term of this Agreement and the representations and warranties given by Seller to New Operator hereunder shall be materially true and correct, as of such date.

ii. Delivery by Seller of a fully executed Bill of Sale for the Supplies (as hereinafter defined) of the Facility.

iii. Delivery by Seller of a fully executed General Assignment of the Intangible Property (as hereinafter defined) of the Facility.

iv. Delivery by Seller of a bring-down certificate certifying that all of the representations and warranties made and given by Seller in this Agreement are true and correct as of the Commencement Date.

v. Consummation of the transactions contemplated under the Purchase Agreement.

vi. New Operator shall have obtained all necessary government approvals that are required to operate the Facility as a skilled nursing facility under Illinois law (the "*License*"), which may be evidenced by a comfort letter from the Illinois Department of Public Health ("*IDPH*") approving the transfer of ownership of the Facility contingent upon submission to IDPH of a recorded deed.

vii. Seller shall notify the Illinois Department of Revenue (the "*IDR*") and shall request tax clearance certificates from the IDR. No later than three (3) business days prior to the Commencement Date, Seller shall (A) obtain either a full release of claims from the IDR with respect to all debts owed by Seller or a statement setting forth all IDR debts owed by Seller, and (B) provide New Operator with a statement setting forth the amount owed by Seller with respect to all Illinois and federal payroll, assessment and other taxes and all license fees, including supporting materials.

viii. Seller shall have obtained a Clearance Letter for the Illinois Department of Employment Security ("*IDES*"), and either a full release of claims from the IDES with respect to all debts owed by Seller thereunder, or a statement setting forth the amount to be withheld by Seller, and such amounts shall be held in escrow by Title Company pending the full release of claims by IDES.

ix. No action or proceeding shall have been instituted, nor any judgment, order or decree entered by any court or governmental body or authority preventing the consummation of the transaction contemplated by this Agreement or the Purchase Agreement, or which could materially and adversely affect New Operator's ability to operate the Facility as a skilled nursing facility with the same number and type of beds and units as are operating at the Facility on the date hereof.

x. Since the end of the Inspection Period (as defined in the Purchase Agreement), there shall have been no material adverse change in the condition of the business operations of the Facility. For purposes of this Agreement "material adverse change" shall mean any event, occurrence or change that is materially adverse to the condition of the business operations of the Facility, when taken as a whole, but shall exclude any adverse effect resulting from, arising out of or relation to (A) war or terrorism, (B) acts of God, (C) changes affecting the Illinois senior housing industry generally, (D) changes in business or economic conditions in the United States generally, (E) actions made pursuant to the terms of this Agreement, the Purchase Agreement or with New Operator's express written consent, or (F) any announcement or disclosure of the pendency of the transactions set forth herein or in the Purchase Agreement.

xi. There shall be no outstanding Life Safety Code or IDPH violations with a scope and severity level that represents "substandard quality of care" as defined in 42 CFR § 488.301 that have not been corrected at least three (3) business day prior to the Closing Date.

b. Seller's obligations to consummate the transaction contemplated in this Agreement shall be subject to the following conditions precedent on and as of the Commencement Date to the reasonable satisfaction of Seller or the written waiver thereof:

i. New Operator shall have duly and timely materially performed and fulfilled all of its material duties, obligations, promises, covenants and agreements hereunder, shall not be in breach of any term of this Agreement and the representations and warranties given by New Operator to Seller hereunder shall be materially true and correct as of such date.

ii. Delivery by New Operator of a bring-down certificate certifying that all of the representations and warranties made and given by New Operator in this Agreement are true and correct as of the Commencement Date.

iii. Consummation of the transactions contemplated under the Purchase Agreement.

iv. Delivery by New Operator of Certificates of Good Standing from the State of Illinois Secretary of State, certified copies of the Articles of Organization of New Operator and any amendments thereto and a certified copy of the resolutions of New Operator, authorizing the execution, delivery and consummation of this Agreement and the execution, delivery and consummation of all other agreements and documents executed in connection herewith, including all instruments required hereunder, sufficient in form and content to meet the requirements of Illinois law relevant to such transactions and certified by an officer or manager of New Operator as adopted and in full force and effect and unamended as of the Commencement Date.

v. New Operator shall have obtained the License required to operate the Facility as a skilled nursing facility under Illinois law or the comfort letter described in Section 2(a)(vi).

3. CONVEYANCE OF PERSONAL PROPERTY, SUPPLIES AND INTANGIBLE PROPERTY.

a. The property being transferred by Seller to New Operator hereunder (the "**Property**"), which specifically excludes the Excluded Property (as hereinafter defined), shall consist of all of Seller's right, title and interest in and to the following:

i. All supplies used in the operation of the Facility and not otherwise transferred to Purchaser pursuant to the terms of the Purchase Agreement, but specifically excluding all personal property owned by residents of the Facility and all Personal Property and FF&E (as each are defined in the Purchase Agreement) and transferred to Purchaser thereunder) that are located at the Facility and utilized in connection with the operating or managing of the Facility (collectively, the "**Supplies**"). A list of any and all vehicles used in connection with the operation of the Facility is attached hereto and made a part hereof as **Schedule 3(a)(i)**, which shall be transferred from Seller to New Operator on the Commencement Date.

ii. To the extent assignable, the rights of Seller in the Assumed Contracts (as hereinafter defined).

iii. To the extent assignable by Seller, all licenses, permits (including any special use permits from any municipality or county where the Facility is located), certificates of need, accreditations, Medicaid and Medicare provider agreements and certificates of

occupancy issued by any federal, state, municipal or local governmental authority relating to the use, maintenance, management or operation of the Facility, running to or in favor of Seller ("*Assumed Licenses*").

iv. All intangible property used in connection with the operation of the Facility, including: (A) all telephone numbers presently in use at the Facility, all telephone listings and any website data, (B) all books, files and records of the for current residents of the Facility in its possession ("*Resident Records*"), (C) all books, files and records of current employees of the Facility in its possession (the "*Employee Records*"), (D) any third party warranties associated with the Facility or the Property, to the extent assignable, (E) the rights of Seller under any provider agreements with any private third-party payor programs (excluding the right to any payments, reimbursement and/or recoupment accrued before the Commencement Date), but only to the extent assignable by Seller, (F) all policy and procedure manuals regarding the Facility, and (G) the business and the goodwill associated with the business and the reputation of the Facility (collectively, along with the Assumed Contracts, Assumed Licenses, Warranties and Resident Agreements (each as defined herein), the "*Intangible Property*").

b. On the Commencement Date, Seller shall deliver to New Operator, at no cost to New Operator, a Bill of Sale for the Supplies of the Facility, which shall convey to New Operator good and marketable right, title and interest in and to the Supplies, free of all liens, encumbrances and security interests of any kind (the "*Bill of Sale*"). New Operator agrees that the presence of the Supplies at the Facility on the Commencement Date shall constitute delivery thereof.

c. On the Commencement Date, Seller shall deliver to New Operator, at no cost to New Operator, a General Assignment for the Intangible Property of the Facility, which shall convey to such New Operator good and marketable right, title and interest in and to the Intangible Property free of all liens, encumbrances and security interests of any kind (the "*General Assignment*").

4. **EXCLUDED PROPERTY.** Notwithstanding the foregoing, the following shall be excluded from the transfer by Seller to New Operator hereunder (the "*Excluded Property*"): (a) any of Seller's accounts receivable, accounts payable or liabilities associated with the operation of the Facility prior to the Commencement Date, (b) cash and cash equivalents and third party payor settlements, (c) Seller's rights under this Agreement and the agreements to be executed in connection herewith, (d) Seller's organizational documents, (e) personal property owned by residents of the Facility and not by Seller, (f) the Rejected Contracts (as hereinafter defined) and any other contract, agreement, commitment, lease or other arrangement to which Seller is a party or that affects the Facility and that is not assumed by New Operator, (g) any property or confidential or proprietary information of Seller or any of its affiliates that is not primarily used or held in connection with the Facility, (h) all software that cannot be legally assigned and other nontransferable licenses, and (i) personal property owned by third party vendors and leased to Seller or any entity providing services at the Facility for use in connection with the operations of the Facility.

5. **TRANSFER OF RESIDENT TRUST FUNDS.**

a. On or prior to the Commencement Date Seller shall provide to New Operator a true, correct and complete accounting (properly reconciled so that there are no negative balances), certified as being true, correct and complete by of any resident trust funds and an inventory of all residents' property, if any, held by for residents at the Facility (collectively, the "*Resident Trust Funds*").

b. Seller hereby agrees to transfer to New Operator the Resident Trust Funds on the Commencement Date shall comply with all governmental statutes, rules and regulations with respect to the transfer of such Resident Trust Funds. New Operator hereby agrees that it will accept the Resident Trust Funds in trust for the residents, in accordance with applicable statutory and regulatory requirements; provided, however, such transfer shall not relieve Seller of its custodial and fiduciary responsibilities for such funds and property to the beneficiaries thereof for the period prior to the Commencement Date.

c. Seller will indemnify, defend and hold New Operator harmless from all liabilities, claims, demands and causes of action of any nature whatsoever, including reasonable attorneys' fees, in the event the amount of funds, if any, transferred to New Operator did not represent the full amount of the funds delivered to Seller as custodian or with respect to any Resident Trust Funds delivered, or claimed to have been delivered, to but which were not delivered by to New Operator, or for claims which arise from actions or omissions of Seller with respect to the Resident Trust Funds prior to the Commencement Date.

d. New Operator will indemnify, defend and hold Seller harmless from all liabilities, claims, demands and causes of action of any nature whatsoever, including reasonable attorneys' fees, in the event a Resident Trust Funds claim is made against Seller for funds that were transferred to New Operator pursuant to the terms hereof or relating to a Resident Trust Funds claim which arises from actions or omissions of New Operator after the Commencement Date.

6. **CHANGE OF OWNERSHIP APPROVAL.** At least thirty (30) days before the Commencement Date, New Operator shall execute and file any and all forms, notices, consents and applications as may be necessary to obtain (a) the Licenses, (b) the certificate of need approval ("**CON Approval**") required by the State of Illinois, and (c) if allowed, the necessary government approvals that are required to receive reimbursement under Medicaid and the issuance of a Medicaid contract to New Operator upon transfer of ownership (collectively, the "**Government Approvals**") prior to the Commencement Date, including any application with IDPH for approval to become the licensee of the Facility, and any application with the Illinois Department of Healthcare and Family Services ("**HFS**") to become a Medicaid enrolled provider. Seller shall cooperate with New Operator as necessary in the preparation of these applications. Each party hereto agrees to use its best efforts to prepare and deliver to each other party all appropriate information and documents necessary for governmental applications for approval of a change of ownership for the Facility. New Operator's obligations under this **Section 6** shall be at its sole cost and expense. Seller shall be reimbursed by New Operator for any out-of-pocket expenses reasonably incurred in connection with Seller's obligations under this **Section 6**.

7. **MEDICARE AND MEDICAID PROVIDER NUMBERS; FINAL COST REPORTS; RECAPTURE; TAXES AND FEES; CIVIL MONETARY PENALTIES.**

a. Effective on the Commencement Date, Seller shall sell, assign and convey to New Operator the Medicare provider number in use at the Facility (the "**Existing Medicare Provider Number**"), subject to the approval of the United States Department of Health and Human Services Centers for Medicare and Medicaid Services ("**CMS**"), by way of New Operator's submitted 855A Medicare Enrollment Application. New Operator acknowledges and agrees that it shall be prohibited from billing under the Existing Medicare Provider Number until the date of the issuance of the Medicare tie-in-notice by CMS. New Operator shall be permitted to bill all claims incurred during the period commencing on the Commencement Date upon issuance of the Medicare tie-in notice. Seller shall execute any and all documents necessary to and will otherwise cooperate in connection with the assignment of the Existing Medicare Provider Number including, but not limited to, submission of Seller's 855A Medicare Enrollment Application to terminate Seller's participation in the Medicare program. Promptly after the Commencement

Date, New Operator will promptly complete its Medicaid Application with HFS to obtain its own Medicaid provider number (the "**Medicaid Provider Number**"). Notwithstanding the foregoing, Seller shall retain any and all rights and obligations relating to the Existing Medicare Provider Number and Medicaid Provider Number for all services, payments pursuant to the CARES Act, rendered or received prior to the Commencement Date.

b. Seller shall prepare and file with the appropriate Medicare and Medicaid agencies its final cost reports with respect to the operation of the Facility prior to the Commencement Date prior to the deadline for the filing under the applicable third party payor program. Seller agrees to provide New Operator with a copy of the filed final costs reports within three (3) business days after written request from New Operator.

c. New Operator shall notify Seller New Operator, within five (5) business days after receipt of any notice of any claim by the United States Department of Health and Human Services, Office of Inspector General ("**OIG**"), CMS, IDPH, HFS or any other governmental or quasi-governmental agency or contractor for withholding, recoupment, repayment, recapture or recovery of or penalty related to any civil monetary penalty, any alleged overpayment by Medicaid or Medicare or related to any audit, including any alleged underpayment of any tax and/or assessment, if any ("**Provider Tax**"), or for bed taxes or assessments or any associated penalties (all of the foregoing, collectively, "**Recapture**") for services rendered for the periods prior to the Commencement Date. In the event that the federal or state agencies making payments to New Operator for services performed at the Facility on or after the Commencement Date make any claim for Recapture for any period ending before the Commencement Date, then Seller shall save, indemnify, defend and hold New Operator harmless from and against any loss, damage, injury or expense incurred by New Operator arising from or related to any such claim. In connection with the foregoing indemnification obligation, in the event that OIG, CMS, IDPH, HFS, or any other governmental or quasi-governmental authority, contractor or agency or other third party payor source withholds amounts from New Operator's reimbursement checks as a result of any Recapture claim, Seller shall pay such amounts to New Operator within thirty (30) days following New Operator's demand therefor. Seller and shall be entitled to challenge any Recapture claim and if all or any part of such challenge is successful, New Operator will reimburse Seller for the amount received by New Operator from Seller related to the successfully challenged Recapture amount within thirty (30) days of receipt of credit or funds resulting from the successful challenge. Notwithstanding the foregoing, New Operator's failure to timely notify or make demand on Seller with respect to any Recapture claim shall not void, vitiate or invalidate Seller's obligations hereunder nor release Seller from any such duty or obligation. The provisions of this subsection shall survive the Commencement Date for a period of three (3) years.

d. Seller shall be and remain obligated for and shall pay on or before the date due thereof all fees, taxes or assessments, including all amounts of Illinois assessment tax or Illinois license fees/taxes accrued through the Commencement Date including, but not limited to, the Illinois licensed bed tax, occupied bed tax and any other bed tax or Provider Tax or assessment, it being acknowledged that bed taxes are based on the assessment month and not the month of reporting. If Seller fail to make said payments on a timely basis and New Operator is required to make said payments or funds are withheld from New Operator's reimbursement payments, Seller shall pay such amounts and any interest or late fees to New Operator within thirty (30) days following New Operator's demand therefor. New Operator shall be and remain obligated for and shall pay on or before the date due thereof all fees, taxes and assessments accrued on and after the Commencement Date including, but not limited to, any Provider Tax.

8. CONTRACTS.

a. A schedule of all written equipment leases, service or maintenance contracts and agreements or other agreements affecting the Facility, including any pharmacy, therapy, managed care, service and employment contracts (collectively, the "**Contracts**") is attached hereto as **Schedule 8(a)**. After execution of this Agreement, Seller shall provide contact information for all third party managed care and insurance providers to allow New Operator to make arrangements for the execution of assignments of contracts or new contracts with such providers.

b. Concurrent with the Commencement Date, this Agreement shall be deemed an assignment of the rights, title and interest by Seller, and an assumption of the duties and obligations by New Operator, of each of the Contracts selected by New Operator to be set forth on **Schedule 8(b)** (the Contracts assumed hereunder, collectively with the Resident Agreements and the Warranties (as each are hereinafter defined), are herein referred to as the "**Assumed Contracts**," and the Contracts not assumed by New Operator shall be referred to as the "**Rejected Contracts**"). If New Operator desires to assume any Contract that is not an Assumed Contract and delivers to Seller notice of the same within ten (10) business days of the date of this Agreement, then **Schedule 8(b)** shall be updated accordingly. Seller shall remain responsible for all liabilities and obligations (i) under the Rejected Contracts, (ii) under the Assumed Contracts to the extent such liabilities and obligations accrue or arise prior to the Commencement Date, and (iii) for services that were performed or rendered prior to the Commencement Date.

c. To the extent any third party consent is required in connection with the assignment and assumption of the Assumed Contracts, Seller hereby covenant to request such third party consent prior to the Commencement Date. New Operator acknowledging that, provided the Seller acts in good faith using its best efforts, the failure to obtain such consent shall not be a default hereunder.

d. On the Commencement Date, Seller shall transfer, convey and assign to New Operator pursuant to the General Assignment all existing agreements with residents and, to the extent assignable, any guarantors thereof ("**Resident Agreements**") and to the extent assignable, any warranties presently held by Seller with respect to the Facility, including any warranties on the heating, ventilation and air conditioning systems and the roof and foundation of the Facility (the "**Warranties**").

9. ASSUMPTION OF LIABILITIES.

a. Except as otherwise set forth in this Agreement, New Operator shall not assume or be liable for any debts, liabilities or obligations of Seller, with respect to the Facility prior to the Commencement Date, including but not limited to, any (i) liabilities or obligations of Seller to its creditors, (ii) liabilities or obligations of Seller with respect to the Contracts for the period prior to the Commencement Date, (iii) liabilities or obligations of Seller with respect to Rejected Contracts, and liabilities or obligations of Seller with respect to Assumed Contracts for the period prior to the assumption by New Operator, (iv) liabilities or obligations of Seller for any federal, state, county or local taxes applicable to or assessed against Seller, its assets or business, or the Property for periods prior to the Commencement Date, (v) Recapture, penalties, adjustments, overpayments, assessments or charges with respect to Seller's Medicaid Provider Number or Medicare Provider Number for the period prior to the Commencement Date, (vi) any legal actions related to services provided before the Commencement Date, including any matters relating to cost reports, collections, audits, hearings or legal action arising therefrom, or (vii) any other obligations or liabilities resulting from any act or failure to act by Seller and/or the operations of the Facility prior to the Commencement Date.

b. Except as otherwise set forth in this Agreement, Seller does not assume and shall not be liable for any debts, liabilities or obligations of New Operator or with respect to the Facility on or after the Commencement Date, including any (i) liabilities or obligations of New Operator to its creditors, (ii) liabilities or obligations of New Operator with respect to Assumed Contracts for services rendered on or after the Commencement Date, (iii) liabilities or obligations of New Operator for any federal, state, county or local taxes applicable to or assessed against New Operator or the assets or business of New Operator, or applicable to, incurred by and accrued or assessed against the Facility after the Commencement Date, (iv) Recapture, penalties, adjustments, overpayments, assessments or charges with respect to Seller's or New Operator's Medicaid Provider Numbers or Medicare Provider Numbers for the period on or after the Commencement Date, (v) any legal actions related to services provided on or after the Commencement Date, or (vi) any other liabilities resulting from any act or failure to act by New Operator on or after the Commencement Date.

10. ACCOUNTS RECEIVABLE; ACCOUNTS PAYABLE.

a. Seller shall retain the right to collect all unpaid accounts receivable as of 11:59 p.m. on the day prior to the Commencement Date with respect to the Facility to the extent that such accounts receivable relate to services rendered prior to the Commencement Date.

b. To the extent Seller, or New Operator receives any payments for accounts receivable and the accompanying remittance advice or other payer designation does not indicate the period to which a payment relates or if there is no accompanying remittance advice or other payer designation and if the parties do not otherwise agree as to how to apply such payment, then, the parties will be deemed to have agreed that (i) any undesignated payments received during the first sixty (60) days after the Commencement Date shall be applied first to pre-Commencement Date balances for such resident until such balances have been reduced to zero, and any remaining portion shall be applied to post- Commencement Date balances, (ii) any undesignated payments received after the sixtieth (60th) day, but before the one hundred twentieth (120th) day after the Commencement Date, shall be split one-half to each of pre-Commencement Date balances and one-half to post- Commencement Date balances, and (iii) any undesignated payments received after the one hundred twentieth (120th) day after the Commencement Date shall be applied first to post- Commencement Date balances for such resident until such balances as of the date of funds' application have been reduced to zero, with any remaining portion applied to pre-Commencement Date balances, to the extent such resident has a pre-Commencement Date balance.

c. If at any time after the Commencement Date, Seller shall receive any payment from any federal or state agency for services rendered at the Facility on or after the Commencement Date, then Seller, as applicable, shall remit such payments (or an amount equal to such payments) to New Operator within thirty (30) days from identifying such payments. If at any time after the Commencement Date New Operator shall receive any payment from any federal or state agency for services rendered at the Facility prior to the Commencement Date, then New Operator shall remit such payments (or an amount equal to such payments) to Seller within thirty (30) days from identifying such payments.

d. To the extent either party receives payments for accounts receivable of the other party, both parties acknowledge that the party receiving the payment belonging to the other party shall hold the payment in trust, that neither party shall have any right to offset with respect to such accounts receivable, and that the party erroneously receiving the payment shall have no right, title or interest whatsoever in the payment and shall remit the same to the other within thirty (30) days from identifying such payments.

e. To the extent accounts payable have been accrued for a period that includes time both before and after the Commencement Date, the parties hereto shall apportion the responsibility for payment of the same on a pro rata basis based on number of days. Prior to the Commencement Date, Seller and New Operator agree to cooperate with each other to setup new accounts for utilities in New Operator's name and to notify the merchants, suppliers or other third parties that New Operator bears responsibility for accounts payable of the Facility with respect to the post-Commencement Date services related to the Assumed Contracts and utilities.

11. **EMPLOYEES.**

a. Seller shall terminate the employment of all employees providing services at the Facility (the "**Employees**") as of the Commencement Date. New Operator shall not assume any employment contracts to which Seller may be a party including, without limitation, that New Operator shall not assume any collective bargaining agreement of Seller. Seller shall not make any material changes in the compensation or benefits of any employee at the Facility prior to the Commencement Date without the prior consent of the New Operator.

b. Seller shall pay the salaries due to Employees for the period prior to the Commencement Date during its regular payroll cycle.

c. For the employees that the New Operator does not hire, concurrent with the payment of the salaries post-commencement date. Seller shall pay all employees any and all accrued PTO and sick pay at closing or the next regularly scheduled pay date after closing (or such shorter period to insure compliance with the state and Federal law).

d. For the employees that the New Operator does hire, Seller shall pay any and all accrued PTO at closing or the next regularly scheduled pay date after closing and shall provide New Operator with a schedule of all the Employees' accrued sick time plus the associated payroll taxes ("**Accrued sick time**"), which schedule shall include the value of the Accrued sick time for the fully vested Employees based on their then applicable wages. New Operator and Seller may update the schedule at any time prior to Commencement Date with the updated amounts then becoming the Accrued sick time. The parties acknowledge that certain Accrued sick time will not be due and owing by New Operator to the Employees that New Operator does hire. On the Commencement Date, Seller shall pay to New Operator an amount equal to 85% of the Accrued sick time. New Operator shall assume responsibility for the honoring and/or payment of all of the Accrued sick time. The Accrued sick time shall not be subject to adjustments as set forth in **Section 14(c)**. The provisions of this **Section 11(d)** shall survive Commencement Date.

12. **RECORDS.** Seller and shall leave at the Facility either the originals or full and complete copies of all Resident Records and Employee Records.

13. **ACCESS.**

a. Prior to the Commencement Date, Seller shall permit New Operator reasonable access to the Facility and any information reasonably requested in connection with New Operator's due diligence, provided that such access rights are not disruptive to the operations at the Facility and are at all times in compliance with all state and federal laws governing the rights of the residents of the Facility. After the Commencement Date, Seller shall allow New Operator and its agents and representatives reasonable access to (upon reasonable prior notice and during normal business hours) and to make copies of patient records, the books and records and supporting material of the Facility relating to the period prior to the Commencement Date, at New Operator's

expense, as applicable, to allow New Operator to investigate and defend malpractice, employee or other claims, and to file or defend cost reports and tax returns.

b. After the Commencement Date, New Operator shall allow Seller and its agents and representatives reasonable access to (upon reasonable prior notice and during normal business hours) and to make copies of the patient records, books and records and supporting material of the Facility relating to the period prior to the Commencement Date, at Seller's expense, as applicable, to allow Seller to investigate and defend malpractice, employee or other claims, and to file or defend cost reports and tax returns.

14. **PRORATIONS.**

a. On and as of the Commencement Date, Seller and New Operator shall prorate revenues and expenses pertaining to the Facility, utility charges for the billing period in which the Commencement Date occurs. Assumed Contracts, prepaid income and expenses, Illinois bed taxes or assessments, personal property taxes, provider taxes and other related items of revenue or expense attributable to the Facility.

b. All prorations between the parties shall be made on the basis of actual days elapsed in the relevant accounting or revenue period and shall be based on the most recent information available to the parties hereto. Utility charges which are not metered and read on the Commencement Date shall be estimated based on prior charges, and shall be re-prorated within five business days after receipt of statements therefor. Seller and New Operator shall jointly arrange for the turnover of the utility services.

c. Except as otherwise set forth herein, all amounts owing from one party hereto to the other party hereto that require adjustment after the Commencement Date shall be settled within thirty (30) days after the Commencement Date or, in the event the information necessary for such adjustment is not available within said thirty (30) day period, within five (5) business day of such information being available, but no later than nine (9) months after the Commencement Date.

15. **POLICY AND PROCEDURE MANUALS.** Seller to leave its policy and procedure manuals at the Facility and to transfer all of its right, title and interest in and to such policy and procedure manuals to New Operator.

16. **INDEMNIFICATION.**

a. In addition to any other indemnity set forth herein, but subject to the first dollar Basket and Ceiling described below. New Operator hereby indemnifies and agrees to defend and hold Seller and its successors, assigns, affiliates, managers, members, directors, officers, agents and employees harmless from and against any and all claims, demands, obligations, losses, liabilities, damages, recoveries and deficiencies (including interest, penalties and reasonable attorneys' fees, costs and expenses) (collectively, "*Losses*") which any of them may suffer as a result of:

i. the breach of the representations or the breach of any of the warranties of New Operator herein or given pursuant hereto, if the survival period for the same has not lapsed;

ii. any default by New Operator in the performance of any of its commitments, covenants or obligations under this Agreement;

iii. any suits, arbitration proceedings, administrative actions or investigations to the extent relating to the operations at the Facility by New Operator on or after the Commencement Date;

iv. claims which arise after the Commencement Date and relate to periods on or after the Commencement Date with respect to Resident Trust Funds; and

v. any liability which may arise from operations at, or use or condition of, the Facility on or after the Commencement Date to the extent it relates to the operations at, or use or condition of, the Facility on or after the Commencement Date.

Within thirty (30) days after notice of a claim pursuant to **Section 16(c)**, New Operator shall promptly pay to Seller a sum of money sufficient to pay in full such claim or demand, or promptly cure such breach or contest such claim in accordance with **Section 16(c)** hereof.

b. In addition to any other indemnity set forth herein, but subject to the first dollar Basket and Ceiling described below, Seller hereby indemnifies and agrees to defend and hold New Operator and its successors, assigns, affiliates, managers, members, agents, servants and employees harmless from and against any and all Losses which any of them may suffer as a result of any of the following events:

i. the breach of any of the representations or the breach of any of the warranties of Seller herein or given pursuant hereto, if the survival period for the same has not lapsed;

ii. any default by Seller in the performance of any of its commitments, covenants or obligations under this Agreement;

iii. any suits, arbitration proceedings, administrative actions, investigations or penalties to the extent relating to the operations at the Facility prior to the Commencement Date;

iv. for claims with respect to the Resident Trust Funds which arise prior to the Commencement Date or relate to period prior to the Commencement Date;

v. any obligations under any Contracts that shall accrue or relate to periods prior to the Commencement Date or for services that were performed or rendered prior the Commencement Date;

vi. any claim for Recapture; and

vii. any liability which may arise from operations at, or use or condition of, the Facility prior to the Commencement Date to the extent it relates to the operations at, or use or condition of, the Facility prior to the Commencement Date.

Within thirty (30) days after notice of a claim pursuant to **Section 16(c)**, Seller shall promptly pay to New Operator a sum of money sufficient to pay in full such claim or demand, or promptly cure such breach or contest such claim in accordance with **Section 16(c)** hereof.

c. In the event that any liability, claim, demand or cause of action which is indemnified against by or under any term, provision, Section or paragraph of this Agreement ("**Indemnitee's Claim**") is made against or received by any indemnified party ("**Indemnitee**") hereunder, said Indemnitee shall notify the indemnifying party ("**Indemnitor**") in writing within twenty one (21) calendar days of Indemnitee's receipt of written notice of said Indemnitee's Claim; provided,

however, that Indemnatee's failure to timely notify Indemnitor of Indemnatee's receipt of an Indemnatee's Claim shall not impair, void, vitiate or invalidate Indemnitor's indemnity hereunder nor release Indemnitor from the same, which duty, obligation and indemnity shall remain valid, binding, enforceable and in full force and effect so long as Indemnatee's delay in notifying Indemnitor does not, solely by itself, directly and materially prejudice Indemnitor's right or ability to defend the Indemnatee's Claim. Upon its receipt of any or all Indemnatee's Claim(s), Indemnitor shall diligently defend, compromise or settle said Indemnatee's Claim at Indemnitor's sole and exclusive cost and expense and shall promptly provide Indemnatee evidence thereof within twenty one (21) calendar days of the final, unappealable resolution of said Indemnatee's Claim, provided such claim is for litigation only. Notwithstanding any other provision hereof, in the event of an Indemnatee's Claim unrelated to litigation (e.g., Medicaid takeback), Indemnitor shall be responsible for any damages, costs or expenses to Indemnatee, including attorney's fees incurred as a result of the indemnification event, to be paid to Indemnatee within thirty (30) days of written demand for the same. Upon the receipt of the written request of Indemnatee, Indemnitor shall within fourteen (14) calendar days provide Indemnatee a true, correct, accurate and complete written status report regarding the then current status of said Indemnatee's Claim.

d. Indemnatee may not settle or compromise an Indemnatee's Claim without Indemnitor's prior written consent. Failure to obtain such consent shall be deemed forfeiture by Indemnatee of its indemnification rights hereunder.

e. Neither Seller nor New Operator shall have the right to assert any Indemnatee's Claim unless the claim, in the aggregate with any other claims proposed to be asserted by such Indemnatee, exceeds Twenty-Five Thousand Dollars (\$25,000.00) (the "**Basket**"); provided, however, that if and when such threshold is reached and thereafter, any and all claims shall be payable from the first dollar of such Losses; provided, further, the Basket shall not apply to indemnification for any Losses related to Recapture claims.

f. The maximum amount of liability that any party shall have to the other in all circumstances for any and all Losses or any other indemnification obligation related to this Agreement shall not exceed in the aggregate, an amount equal to One Million Dollars (\$1,000,000.00) (the "**Ceiling**").

g. The indemnification obligations under this Section 16 shall survive the Commencement Date for a period of three (3) years.

17. **REPRESENTATIONS AND WARRANTIES OF NEW OPERATOR.** As an inducement to Seller to enter into this Agreement, New Operator covenants and makes the following representations and warranties set forth below, which are true and correct as of the date hereof and which shall be true and correct on the Commencement Date:

a. **Status.** New Operator is a limited liability company, duly organized and validly existing in good standing under the laws of the State of Illinois.

b. **Authority.** New Operator has the full right, power and authority to enter into this Agreement.

c. **Survival of Representations or Warranties.** The representations and warranties of New Operator under Section 17(a) (Status) and Section 17(b) (Authority) shall survive the Commencement Date of the transaction contemplated hereunder for the maximum period permitted by applicable law.

18. **REPRESENTATIONS AND WARRANTIES OF SELLER.** As an inducement to New Operator to enter into this Agreement, Seller covenants and makes the following representations and warranties, which are true and correct as of the date hereof and which shall be true and correct as of the Commencement Date:

a. **Status.** Seller is a public body corporate and politic under the laws of the State of Illinois and is duly qualified to own property and conduct business in the State of Illinois.

b. **Authority.** Seller has the full right, power and authority to enter into this Agreement.

c. **Litigation; Claims.** There are no lawsuits, investigations, unpaid penalties, unpaid fines, claims or other proceedings pending or, to Seller's knowledge, threatened against Seller specifically related to the Facility or Seller's right to own the Property or Seller's right to enter into this Agreement, other than as set forth in **Schedule 18(d)**. To Seller's knowledge, there are no ongoing audits of the Facility's billing by any third-party payor or any material outstanding claims against Seller by any third party payor.

d. **Contracts.** Seller has made available to New Operator a copy of each written Contract that affects the Facility. To Seller's knowledge, each of the Contracts is legal, valid, binding and enforceable. Seller knows of no reason why it would be in default under any Contracts related to the Facility.

e. **Property and Supplies.** Unless specifically permitted pursuant to the terms of this Agreement, Seller has not removed any items of personal property or Supplies from the Facility. Except for the Resident Trust Funds, Seller does not have possession of any other personal property owned by any resident of the Facility.

f. **AS IS.** New Operator acknowledges and agrees that neither Seller nor any agent or representative of Seller have made, and Seller is not liable or responsible for or bound in any manner by any express or implied representations, warranties, covenants, agreements, obligations, guarantees, statements, information or inducements pertaining to the physical condition of the Supplies, Property or the Facility, including the quantity, character, fitness and quality thereof, merchantability, fitness for particular purpose, the income, expenses or operation thereof, the value and profitability thereof, the structural and mechanical condition of the buildings, structures and improvements situated thereon, the plumbing, heating, air conditioning, electric and ventilating systems serving the Property and any other matter or thing whatsoever with respect thereto. Purchaser acknowledges, agrees, represents and warrants that it has and shall have the opportunity to inspect the Property and all matters comprising the Property, including the Supplies and Facility, and has or shall have access to information and data relating to all of same as Purchaser deems necessary, prudent, appropriate or desirable for the purposes of this transaction. Purchaser acknowledges that it is fully familiar with the Property and Purchaser expressly agrees to accept the Supplies, Property and the Facility "**AS IS, WHERE IS AND WITH ALL FAULTS,**" in its current condition, subject to reasonable wear and tear.

g. **Life Care Contracts.** The Facility is not a party to any life care contract with any resident of the Facility.

h. **Audits.** There are no current desk audits or full audits by OIG, CMS, IDPH, HFS, or any other applicable governmental or quasi-governmental regulatory agency in connection with any cost reports filed by Seller.

- i. **Licensure.** The Facility is and shall be on the Commencement Date licensed by IDPH as a skilled nursing facility with 245 skilled nursing beds (20 beds of which are Medicare beds). Such license is unrestricted, unconditional, in good standing and in full force and effect and subject to no waivers or limitations. There are no outstanding Life Safety Code deficiencies or violations cited by IDPH, CMS or any state or local building, fire safety or health authorities that have not been corrected as of the date of this Agreement.
- j. **Certification.** The Facility is certified for participation in the Medicare and Medicaid reimbursement programs. Such certifications are in good standing and full force and effect and subject to no restrictions or limitations. There are no written claims, demands or other notices of or action alleging the overpayment of Medicare, Medicaid or other governmental or quasi-governmental reimbursements or demands for the return of such alleged overpayments by any third party payor with respect to the Facility.
- k. **Violations.** Seller has not received notice that with respect to the Facility it has been charged or implicated in any violation of any state or federal statute or regulation involving false, fraudulent or abusive practices relating to its participation in state or federally sponsored reimbursement programs including, but not limited to, false or fraudulent billing practices. The Facility is not in an open survey cycle (i.e., received violations but not yet found to be in substantial compliance). Seller has not received notice of, nor is aware of facts that may give rise to, any action that has been threatened, taken or recommended by any government authority to revoke, withdraw or suspend its license to operate the Facility or to terminate or decertify any participation of the Facility in the Medicaid or Medicare programs.
- l. **Surveys.** Seller has furnished New Operator with true, accurate and complete copies of all surveys, inspection reports and similar examination reports related to the Facility in its possession as of the date of this Agreement (collectively, the "**Surveys**"). Any violations on the Surveys have been cured and addressed by a plan of corrective action.
- m. **Utilities.** All utility services, including heat, air conditioning, hot and cold water, telephones, gas and electricity are available at the Facility in quantities sufficient for the present use of the Property. The Facility has not experienced any material disruptions to its operations arising out of any recurring loss of electrical power, flooding, limitations to access to public sewer and water or restrictions on septic service.
- n. **Permits.** To Seller's knowledge, all of the licenses and permits are valid and in full force and effect, and Seller has not received any notice of any violation of such permit or license.
- o. **Survival of Representations or Warranties.** The representations and warranties of Seller under this Agreement shall survive the Commencement Date of the transaction contemplated hereunder for the period of twelve (12) months after the Closing Date; except the representations and warranties set forth in **Section 18(a)** (Status) and **Section 18(b)** (Authority), together with any right to indemnification for breach thereof, shall survive the Commencement Date and continue in full force and effect for the maximum period permitted by applicable law.
19. **NO JOINT VENTURE.** Nothing contained herein shall be construed as forming a joint venture or partnership between the parties hereto with respect to the subject matter hereof. The parties hereto do not intend that any third party shall have any rights under this Agreement.
20. **EXHIBITS AND SCHEDULES.** If any exhibits or schedules are not attached to this Agreement on the date of execution, the parties agree to attach such exhibits and schedules as soon as reasonably practicable. This Agreement is subject to New Operator approving all exhibits and schedules not attached

hereto on the date hereof, within five business days of submission thereof to New Operator. The parties hereto agree that the party charged with providing an exhibit or schedule to this Agreement shall, to the extent necessary after delivery thereof, amend or supplement all exhibits and schedules in order for the same to be current, true and correct as of the Commencement Date.

21. **EVENTS OF DEFAULT; REMEDIES.** The breach by either Seller or New Operator (as applicable, "*Defaulting Party*") of any term, provision, condition, promise, covenant, representation, warranty, indemnity, duty or obligation if not cured within ten (10) business days of the earlier of said Defaulting Party's receipt or refusal of written notice of the same from the other party ("*Non-Defaulting Party*") shall automatically and without further notice hereunder be an immediate event of default ("*Event of Default*") entitling Non-Defaulting Party to exercise any remedies available to it hereunder or in law or equity. Non-Defaulting Party's rights and remedies hereunder shall be cumulative and not mutually exclusive and the exercise by Non-Defaulting Party of one or more rights or remedies shall not be deemed, interpreted or construed as an election of the same or to bar, prevent or preclude the simultaneous or consecutive exercise of any other right or remedy available to Non-Defaulting Party, including the simultaneous or successive pursuit of money damages and injunctive relief. Non-Defaulting Party shall not be required to post any bond, surety or security of any nature whatsoever to pursue injunctive relief, the necessity or requirement for the same being hereby waived by Defaulting Party.

22. **GENERAL PROVISIONS.**

a. Seller and New Operator each agree to use their best efforts to cause the conditions to their obligations and to the other party's obligations herein set forth to be satisfied at or prior to the Commencement Date. Each agrees to execute and deliver any further agreements, documents or instruments necessary to effectuate this Agreement and the transactions referred to herein or contemplated hereby or reasonably requested by the other party to perfect or evidence their rights hereunder. Each shall promptly notify the other party of any information delivered to or obtained by such party which would prevent the consummation of the transactions contemplated hereby, or which would indicate a breach of the representations or warranties of any other party hereto.

b. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be sent by recognized overnight courier, electronic mail or registered or certified mail to the addressed as follows:

To Seller: Rock Island County Board
c/o Richard Brunk, Chair
1504 Third Avenue
Rock Island, Illinois 61201
Email: rbrunk@co.rock-island.il.us

Rock Island County Board
c/o Jim Snider, County Administrator
1504 Third Avenue
Rock Island, Illinois 61201
Email: jsnider@co.rock-island.il.us

with a copy to: Marcus & Millichap
c/o Ray Giannini, Senior Managing Director
13890 Bishops Drive, Ste. 300
Brookfield, WI 53005

with a copy to: Polsinelli PC
c/o Charles Sheets
150 N. Riverside Plaza, Ste. 3000
Chicago, IL 60606

To New Operator: 240 Fencel Lane
Hillside, IL 60162

with a copy to: David M. Gross
5683 North Lincoln Avenue
Chicago, IL 60659

or if written notification of a change of address has been sent, to such other party or to such other address as may be designated in that written notification. Each such notice and other communication under this Agreement shall be effective or deemed delivered or furnished (i) if given by mail, on the third business day after such communication is deposited in the mail, (ii) if given by electronic mail, effective upon transmission if before 5:00 p.m. (Central), otherwise effective the next business day, and (iii) if given by hand delivery or overnight courier, when delivered to the address specified above. Notwithstanding anything herein to the contrary, any notice received by a recipient on a day when the federal banks are closed in Chicago, Illinois shall automatically be deemed and construed to be received on the next regular business day following its receipt.

c. Each party hereto shall bear its own legal, accounting and other expenses incurred in connection with the preparation and negotiation of this Agreement and the consummation of the transaction contemplated hereby, whether or not the transaction is consummated.

d. This Agreement, together with all exhibits and schedules attached hereto and any other agreements referred to herein, constitutes the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements.

e. This Agreement may not be modified or amended except in writing signed by the parties hereto.

f. Notwithstanding anything herein to the contrary, neither party shall have liability for any inaccuracy or breach of any representation or warranty if, before the closing, the other party had knowledge of said inaccuracy or breach or the underlying facts giving rise to such inaccuracy or breach.

g. The parties agree that time is of the essence.

h. No waiver of any term, provision or condition of this Agreement, in any one or more instances, shall be deemed to be or be construed as a further or continuing waiver of any such term, provision or condition of this Agreement. No failure to act shall be construed as a waiver of any term, provision, condition or rights granted hereunder.

i. Neither this Agreement nor the rights, duties or obligations arising hereunder shall be assignable or delegable by either party hereto without the express prior written consent of the other party hereto; provided, however, that notwithstanding the foregoing New Operator shall

have the right to assign this Agreement to a an entity affiliated with New Operator formed for the purpose of being designated the permitted assignee of New Operator's rights and obligations under this Agreement, and its rights, privileges and obligations hereunder shall be deemed assigned to such newly formed company. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

j. Captions of paragraphs are for convenience only and are not part of this Agreement and do not affect, change or modify the paragraphs they precede.

k. All understandings and agreements heretofore and between the parties are merged in this Agreement and all exhibits and schedules attached hereto, which alone fully and completely expresses their agreement.

l. This Agreement shall be construed in accordance with the laws of the State of Illinois.

m. EACH PARTY HERETO WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED IN CONNECTION HERewith OR HEREAFTER AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

n. THIS AGREEMENT AND THE OTHER DOCUMENTS EXECUTED IN CONNECTION HERewith SHALL BE GOVERNED AND CONTROLLED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS AS TO INTERPRETATION, ENFORCEMENT, VALIDITY, CONSTRUCTION, EFFECT, AND IN ALL OTHER RESPECTS. ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE BROUGHT EXCLUSIVELY IN THE STATE OR FEDERAL COURTS LOCATED IN ROCK ISLAND COUNTY, ILLINOIS, AND EACH PARTY HERETO EXPRESSLY SUBMITS TO THE PERSONAL JURISDICTION AND VENUE OF SUCH COURT FOR THE PURPOSES THEREOF. TO THE EXTENT LEGALLY WAIVABLE, EACH OF THE PARTIES HERETO HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON SUCH PARTIES BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUCH PARTY, AT THE ADDRESS SET FOR NOTICE IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST SUCH PARTY IN ACCORDANCE WITH THIS SECTION.

o. This Agreement may be executed in counterparts, or by facsimile or electronic submission, each of which shall for all purposes be deemed an original, and all of such counterparts shall together constitute one and the same agreement.

p. All of the provisions of this Agreement shall be deemed and construed to be "conditions" and "covenants" as though the words specifically expressing or importing covenants and conditions were used in each separate provision hereof.

q. The recitals set forth at the beginning of this Agreement constitute an integral part of this Agreement and are hereby incorporated by reference herein and made in the Purchase Agreement hereof as if fully set forth herein.

r. All nouns and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require, or "any" shall mean "any and all," "or" shall mean "and/or," and "including" shall mean "including, without limitation."

s. As used in this Agreement, an individual will be deemed to have "knowledge" of a particular fact or other matter if such individual is actually aware or should have been aware after due inquiry. An entity other than an individual will be deemed to have "knowledge" of a particular fact or other matter if any individual who is serving as a member, manager, director or officer of such entity is actually aware or should have been aware after due inquiry of such fact or other matter. Notwithstanding and without limiting the foregoing, Seller shall be deemed to have knowledge of a particular fact or other matter under this Agreement if Rick Snider has actual knowledge of such fact or other matter.

t. Whenever the under the terms and provisions of this Agreement the time for performance falls upon a Saturday, Sunday or nationally recognized legal holiday, such time for performance shall be extended to the next business day. Unless otherwise specified, in computing any period of time described herein, the day of the act or event on which the designated period of time begins to run shall not be included and the last day of the period so computed shall be included, unless such last day is a Saturday, Sunday or legal holiday, in which event the period shall run until the next day which is not a Saturday, Sunday or a legal holiday. Further, unless otherwise specified, any reference to a specified number of days shall be deemed to refer to calendar days.

u. If any term or provision of this Agreement shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but, each term and provision shall be valid and be enforced to the fullest extent permitted by law.

v. The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any of the parties hereto.

w. The parties hereto, and each of them, represent that in effecting and executing this Agreement, each has received from legal counsel advice as to its and their respective legal rights, irrespective as to whether they have legal counsel at the time of executing this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by persons authorized to do so on behalf of each of them respectively as of the day and year first above written.

SELLER:

THE COUNTY OF ROCK ISLAND, ILLINOIS,
a public body corporate and politic of the
State of Illinois

Attest:

By: _____
Karen Kenney, County Clerk

By: _____
Richard Brunk, County Board Chair

NEW OPERATOR:

HOPE CREEK NURSING AND REHABILITATION
CENTER, LLC. an Illinois Limited Liability company

By: _____
Name: Michael Blisko
Title: Manager

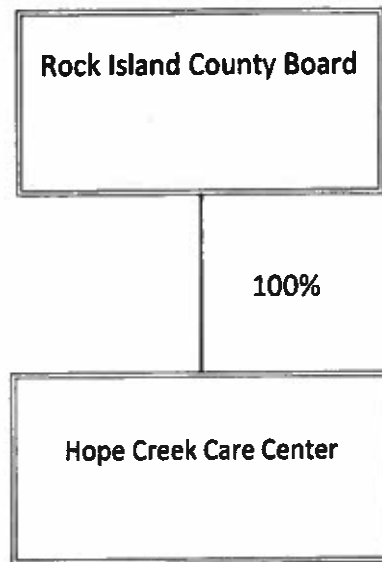
Section I, Identification, General Information, and Certification
Operating Identity/Licensee

A Certificate of Good Standing for the Hope Creek Nursing and Rehabilitation Center, LLC is attached at Attachment – 3.

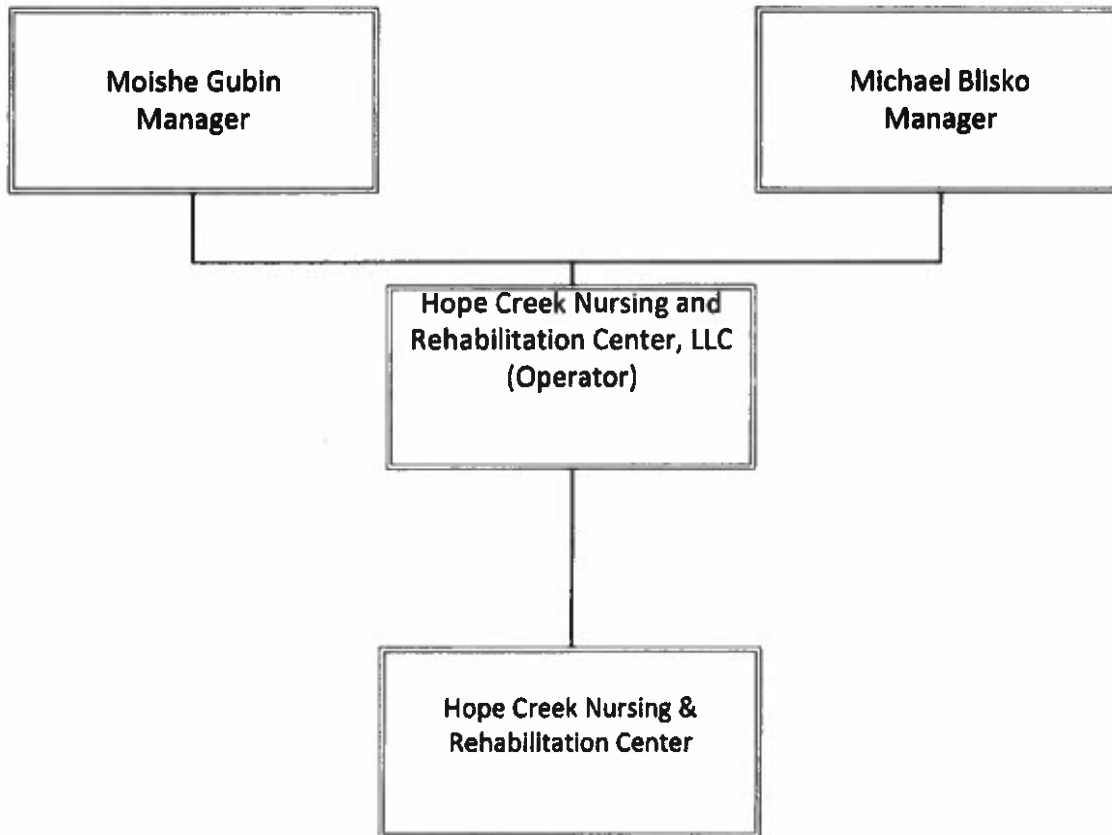
Section I, Identification, General Information, and Certification
Organizational Relationships

The pre-transaction and post-transaction organizational charts for the Nursing Home are attached at Attachment – 4.

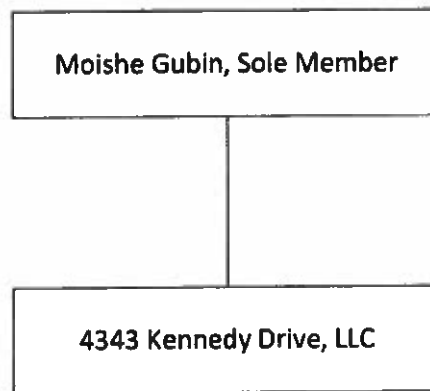
**Pre-Transaction
Organizational Chart**



**Post - Transaction
Organizational Chart**



**4343 KENNEDY DRIVE, LLC
ORGANIZATIONAL STRUCTURE**



Section I, Identification, General Information, and Certification
Flood Plain Requirements

The Applicants propose a change of ownership of the Nursing Home. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

Section I, Identification, General Information, and Certification
Historic Resources Preservation Act Requirements

The Applicants propose a change of ownership of the Nursing Home. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

Section I, Identification, General Information, and Certification
Cost Space Requirements

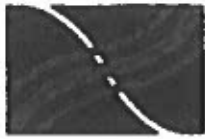
Cost Space Table							
Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL							
Nursing	\$4,000,000	124,976					
Total Clinical	\$4,000,000	124,976					
NON CLINICAL	\$0	0	0	0	0	0	0
Total Non-clinical	\$0	0	0	0	0	0	0
TOTAL	\$4,000,000	124,976					

Section III, Project Purpose, Background and Alternatives – Information Requirements
Criterion 1110.230, Project Purpose, Background and Alternatives

Background of the Applicant

1. The Rock Island County Board currently owns and operates the Nursing Home. A copy of the Nursing Home's license issued by the Illinois Department of Public Health ("IDPH") is attached at Attachment – 11A.
2. Certified listings of any adverse action taken against any facility owned and/or operated by the Applicants are attached at Attachments – 11B and 11C.
3. Authorizations permitting the State Board and IDPH access to any documents necessary to verify information submitted, including, but not limited to: official records of IDPH or other State agencies and the records of nationally recognized accreditation organizations are attached at Attachment – 11B and 11C.
4. The Applicants have not previously submitted an application for permit during this calendar year. Accordingly, this criterion is not applicable.

State of Illinois Department of Public Health			
LICENSE, PERMIT, CERTIFICATION, REGISTRATION			
The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.			
Ngozi Ezike, M.D. Director		Issued under the authority of The State of Illinois Department of Public Health	
<small>EXPIRATION DATE</small> 08/31/2020		<small>License Number</small> 0048694	
LONG TERM CARE LICENSE SKILLED		CATEGORY 245	RCBB
UNRESTRICTED		245 TOTAL BEDS	
BUSINESS ADDRESS LICENSEE			
ROCK ISLAND COUNTY			
HOPE CREEK CARE CENTER 4343 KENNEDY DRIVE EAST MOLINE IL 61244 EFFECTIVE DATE: 09/01/19			
<small>The face of this license has a colored background. Printed by Authority of the State of Illinois • 5/16</small>			



**Rock
Island
County**

Rock Island County

1504 Third Avenue

Rock Island, IL 61201

(309) 558-3619

www.rockislandcounty.org

May 29, 2020

Debra Savage

Chair

Illinois Health Facilities and Services Review Board

525 West Jefferson Street, 2nd Floor

Springfield, Illinois 62761

Dear Chair Savage:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 an adverse action as defined in 77 IAC 1130.140 has been taken against the nursing home owned or operated by Rock Island County Board during the three year period prior to filing this application.

- NH 17-30296 – Type “AA” violation sustained, abuse and neglect deficiency deleted, and conditional license rescinded.
- NH17-S0335/NH 17-C0336 – Type “A” violation sustained, abuse deficiency deleted, and conditional license rescinded.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board (“HFSRB”) and the Illinois Department of Public Health (“IDPH”) access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,

Richard H. Brunk

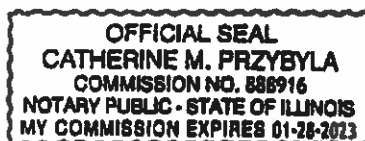
Chair

Rock Island County Board

Subscribed and sworn to me

This 1st day of June, ²⁰²⁰~~2018~~

Notary Public



73747147.1

June 2, 2020

Debra Savage
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Chair Savage:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action as defined in 77 Ill. Admin. Code § 1130.140 has been taken against any nursing home owned or operated by Hope Creek Nursing and Rehabilitation Center, LLC in the State of Illinois during the three year period prior to filing this application.

Additionally, pursuant to 77 Ill. Admin. Code § 1125.520(c)(3), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,


Michael Blisko
Manager

Subscribed and sworn to me
This ____ day of _____, 2020

Notary Public

June 2, 2020

Debra Savage
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Chair Savage:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action as defined in 77 Ill. Admin. Code § 1130.140 has been taken against any nursing home owned or operated by 4343 Kennedy Drive, LLC in the State of Illinois during the three year period prior to filing this application.

Additionally, pursuant to 77 Ill. Admin. Code § 1125.520(c)(3), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,



Nicholas Gubin
Authorized Signatory, 4343 Kennedy Drive, LLC
Subscribed and sworn to me
This ____ day of _____, 2020

Notary Public

Section III, Project Purpose, Background and Alternatives – Information Requirements.
Criterion 1110.230(b), Project Purpose, Background and Alternatives

Purpose of the Project

1. The purpose of this project is to ensure the residents of Rock Island County continue to have access to quality long-term care services, and to ensure that there will be a continued commitment to the provision of care to the underserved and indigent residents of Rock Island County. The purpose of changing the licensee of the Nursing Home is to maintain access to high quality skilled nursing services for residents of Rock Island County.

Hope Creek Care Center started as a poor farm and has since evolved into a long-term care facility providing 24-hour care. The Nursing Home accepts all residents regardless of ability to pay. Importantly, approximately 60 percent of the residents are Medicaid beneficiaries. Over the past three years, utilization at the Nursing Home has decreased 9% annually from 86.2% in 2015 to 64.4% in 2018.¹ At the same time, the percentage of Medicaid beneficiaries served by the Nursing Home has increased from 54.4% in 2015 to 63.7% in 2018.² Medicaid reimbursement averaged \$157.63 per resident per day in 2018;³ however, operating expenses were \$244.53 per resident per day, resulting in a loss of \$86.90 per Medicaid resident per day.⁴ As a result, the Nursing Home incurs \$4.3 million annual losses, which are unsustainable for Rock Island County for the long-term. Further, the Nursing Home has about \$11 million in bond debt and \$5 million and inter-fund debt to other County Departments that will be paid down as a result of the proposed transaction.

The financial impact upon Rock Island County of continuing to operate the Nursing Home is untenable. Nevertheless, Rock Island County has been continuously committed to providing care to its underprivileged and elderly for over 100 years. Thus, Rock Island County set out to explore options to continue to provide care at the Nursing Home in a fiscally responsible manner.

The Rock Island County Board approved the sale of the nursing home to Hope Creek Nursing and Rehabilitation Center, LLC, who has expertise in value engineering and can implement programs designed to improve quality and reduce costs that are unavailable to Rock Island County. Through value engineering, Hope Creek Nursing and Rehabilitation Center, LLC will redesign resident care and eliminate functional redundancies to ensure that the residents of Rock Island County continue to have access to high quality skilled nursing home services in the future.

2. A map of the market area for the Nursing Home is attached at Attachment – 12. The market area encompasses a 17 mile radius around the Nursing Home. The boundaries of the market area of are as follows:

- North 3.1 miles to Mississippi River
- Northwest 9.3 miles to Mississippi River
- West 17 miles to Geneseo
- Southwest 17 miles to Cambridge
- South 17 miles to Aledo
- Southeast 17 miles to Aledo
- East 11 miles to Mississippi River

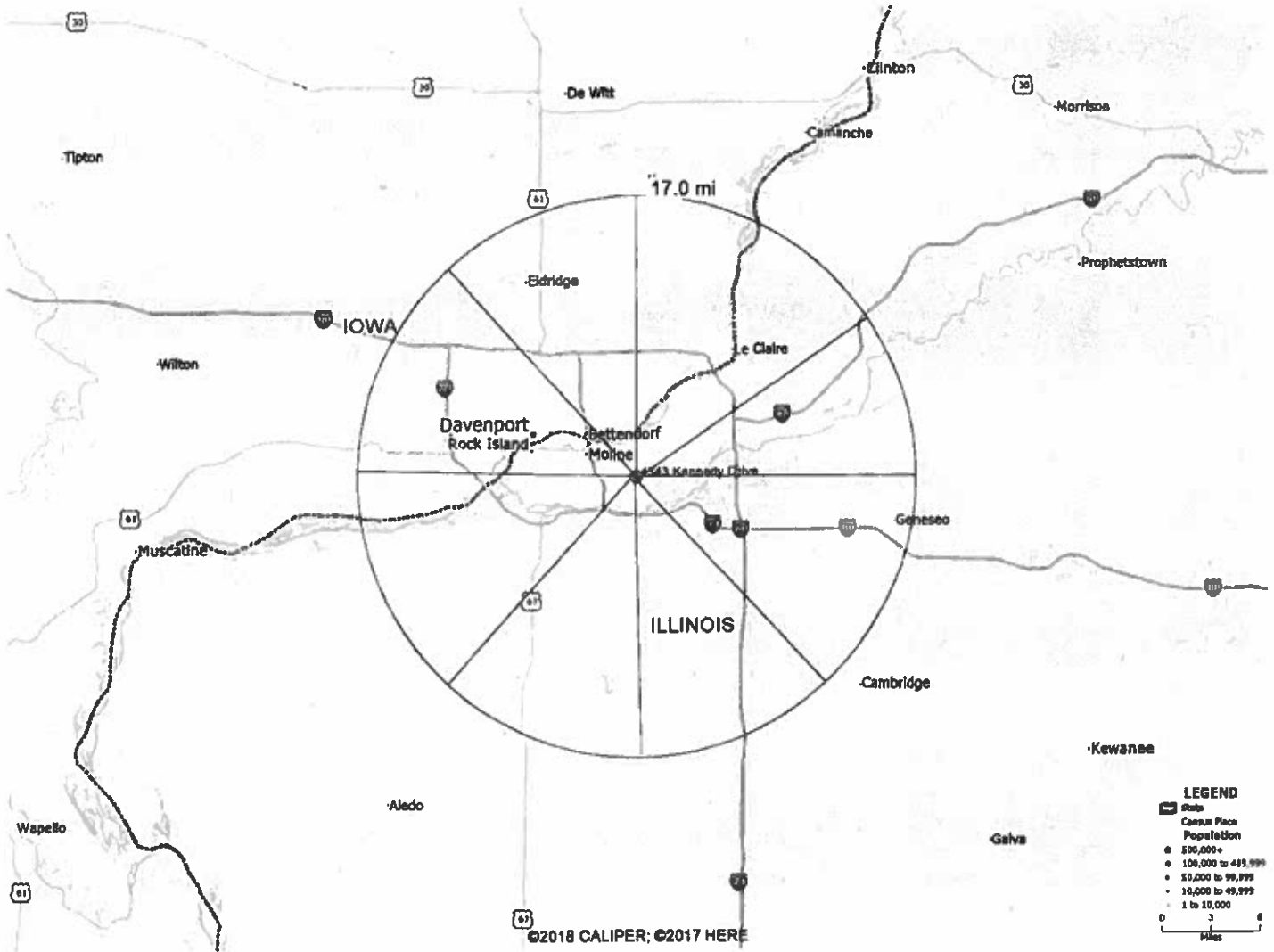
¹ Illinois Health Facilities and Services Review Board, LTC Facility Profiles (2015 – 2018)

² Id.

³ Illinois Health Facilities and Services Review Board, LTC Facility Profiles 2018.

⁴ 2018 State of Illinois, Department of Healthcare and Family Services, Financial and Statistical Report (Cost report) for Long-Term Care Facilities

- Northeast 7.4 miles to Mississippi River



Section III, Project Purpose, Background and Alternatives – Information Requirements
Criterion 1110.230(c), Project Purpose, Background and Alternatives

Alternatives

1. Do Nothing

The Rock Island County Board concluded that notably adverse circumstances would eventually arise if it did not take thoughtful and strategic action. The operation of the Nursing Home has yielded substantial losses every year for an extended period of time. Rock Island County explored commercially reasonable means to operate the facility more efficiently or effectively without sacrificing resident care. It engaged external consultants and operators to assist in the operation without success. Rock Island County concluded is not feasible to continue operating the Nursing Home and would be fiscally irresponsible when considering the obligations to the entire population of Rock Island County. Further, the long-term interests of the residents of the Nursing Home would be compromised by not taking affirmative action to provide for their present, as well as their future health needs.

Cost: Technically, doing nothing would have no cost. However, the financial and social cost would be such that this alternative had to be disregarded as a viable option.

2. Close Rock Island County Nursing Home

From a purely fiscal perspective, this alternative might make the most sense. However, Rock Island County takes its commitment to providing care to the underserved residents of Rock Island County seriously. History has shown that a County-run facility simply exiting the market without any organized plan on how to continue providing care to the residents dependent upon the County can have a notably adverse effect on access to care. For that reason, simply announcing the closure of the facility and transferring the existing residents to other facilities was not the responsible option from either a social or a health planning perspective.

Cost: Rock Island County has approximately \$11 million in bonds and \$5 million in inter-fund debt that will not be eliminated through closure of the Nursing Home. Further, the cost to current residents and the potential impact of not considering future residents would be substantial. This option is not consistent with the goal of identifying an orderly way to exit the marketplace and still provide for future Rock Island County residents.

3. Bring in an Experienced Management Company to Operate the Facility

This option was tried and did not succeed. Two reputable and experienced management companies were identified and brought in to operate the Nursing Home. Despite recommendations for more efficient operation of the Nursing Home, it would take at least five years for the Nursing Home to return a profit. Given the annual losses of \$4.3 million, Rock Island County can no longer maintain operations of the Nursing Home without affecting other vital county services. The projected losses necessitated the exploration of additional alternatives.

Cost: The cost of this alternative was worth trying – but having done so and having been unable to produce the necessary results, is not worth pursuing again.

4. Pursue a Joint-Venture between Rock Island County and a Private Entity

There is no incentive for a private operator to take on the risk involved with the ownership and operation of a long-term care facility without being able to enjoy the potential upside. There is no reason for Rock Island County to continue in its ownership capacity if all efforts have yielded the

conclusion that the County needs to exit the marketplace as a provider of long-term care services.

Cost: The cost would be similar to the current proposal, but with the guarantee of further fiscal strain. When compared to the current proposal, a joint venture with continued ownership interest does not make any sense.

5. Sell Rock Island County Nursing Home Outright

From a purely financial perspective, along with the possibility of simply closing the Nursing Home, selling it makes the most sense. It would relieve Rock Island County of the financial burden of owning and operating a skilled nursing facility. Further, the proceeds from the sale should be sufficient to retire a portion of the bonds issued for the Nursing Home's construction.

Cost: \$4,000,000

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(a), Size of the Project

The proposed project contemplates the transfer of operational control of the Nursing Home from Rock Island County to Hope Creek Nursing and Rehabilitation Center, LLC and transfer of the physical plant to 4343 Kennedy Drive, LLC. Pursuant to Section 1110, Appendix B of the HFSRB's rules, the State standard is 350-570 gross square feet per bed for a total of 85,750 – 139,650 gross square feet for 245 beds. The total gross square footage of the Nursing Home is 124,976 of gross square feet (or 510.10 GSF per bed). Accordingly, the Nursing Home meets the State standard per bed.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Nursing	124,976	85,750 – 139,650	N/A	Meets State Standard

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(b), Project Services Utilization

By the second year of operation, annual utilization of the Nursing Home shall exceed HFSRB's utilization standard of 90%. Pursuant to Section 1125.210(c) of the State Board's rules, general long-term care facility should operate at or above an annual utilization rate of 90%. The Nursing Home operates 245 skilled nursing beds. To achieve 90% utilization, the Nursing Facility would need an average of 220.5 residents per day (or 80,482.5 resident days). Historically, the Nursing Home has not met the State Board standard.

Table 1110.234(b)					
Utilization					
	Dept./ Service	Historical Utilization	Projected Utilization	State Standard	Met Standard?
2017	Nursing	20,343	N/A	80,482.5	No
2018	Nursing	57,576	N/A	80,482.5	No
2019	Nursing	53,372	N/A	80,482.5	No
2020	Nursing	N/A	62,811	80,482.5	No

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(c), Unfinished or Shell Space

This project will not include unfinished space designed to meet an anticipated future demand for service. Accordingly, this criterion is not applicable.

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(d), Assurances

This project will not include unfinished space designed to meet an anticipated future demand for service. Accordingly, this criterion is not applicable.

Criterion 1110.240(b). Impact Statement**1. Transactional Documents**

The executed Asset Purchase Agreement for the Nursing Home is attached at Attachment – 19A. Language conditioning the change of ownership upon HFSRB approval is included in Sections 2c and 10b of the Asset Purchase Agreement.

2. Change in Services Currently Offered

There will be no change in the services currently offered at Hope Creek Care Center.

3. Operating Entity

Hope Creek Nursing and Rehabilitation Center, LLC will be the operating entity of the Nursing Home.

4. Reason for the Transaction

The purpose of the proposed acquisition of the Nursing Home is to maintain access to high quality skilled nursing home services to residents of Rock Island County. Rock Island County incurs \$4.3 million in annual losses operating the Nursing Home. Further, the Nursing Home has about \$11 million in bond debt and \$5 million in inter-fund debt to other County Departments that will be paid down as a result of the proposed transaction. Hope Creek Nursing and Rehabilitation Center, LLC has expertise in value engineering and can implement programs designed to improve quality and reduce costs that are not available to the Rock Island County. Through value engineering Hope Creek Nursing and Rehabilitation Center, LLC will redesign patient care and eliminate functional redundancies to ensure the Nursing Home remains viable in the future.

5. Anticipated Additions or Reductions of Employees

No significant additions or reductions in employees are anticipated. Hope Creek Nursing and Rehabilitation Center, LLC determines its staffing needs according to its census. Going forward, staffing hours and/or positions will be added or reduced according to resident census and care needs. The Applicants anticipate no reduction in employees.

6. Cost-Benefit Analysis

The proposed transaction contemplates a change of ownership of the Nursing Home. Hope Creek Nursing and Rehabilitation Center, LLC will acquire substantially all of the assets of the Nursing Home for \$4,000,000. While the Applicants will incur costs inherent in operating a skilled nursing facility, it will likely achieve costs savings through value engineering initiatives.

Polsinelli Draft 5.22.20

OPERATIONS TRANSFER AGREEMENT

by and between

THE COUNTY OF ROCK ISLAND, ILLINOIS,
as Seller,

and

HOPE CREEK NURSING AND REHABILITATION CENTER, LLC
as New Operator

June __, 2020

**Hope Creek Care Center
4343 Kennedy Dr.
East Moline, Illinois 61244**

OPERATIONS TRANSFER AGREEMENT

THIS OPERATIONS TRANSFER AGREEMENT (this "**Agreement**") is entered into as of the ____ day of June, 2020, by and between The County of Rock Island, Illinois, a public body corporate and politic of the State of Illinois ("**Seller**"), and East Moline Nursing and Rehabilitation Center, LLC, an Illinois Limited Liability Company, or its permitted assignee ("**New Operator**").

RECITALS

A. Seller is the owner and licensed operator of that certain 245 bed skilled nursing facility (20 beds of which are Medicare beds), which is licensed for 245 skilled nursing beds, commonly known as Hope Creek Care Center Nursing Home, 4343 Kennedy Drive, East Moline, Illinois 61244 (the "**Facility**").

B. Seller has or will be entering into that certain Asset Purchase Agreement (the "**Purchase Agreement**") with 4343 Kennedy Drive, LLC or its permitted assignee ("**Purchaser**"), pursuant to which the Facility and its real and personal property shall be sold to Purchaser.

C. Concurrent with the closing of the transactions contemplated under the Purchase Agreement and this Agreement, on the Commencement Date, New Operator shall be the new licensed operator of the Facility.

D. In order to ensure a smooth transition of the operations of the Facility to New Operator, the parties desire to enter into this Agreement.

AGREEMENT

NOW, THEREFORE, for the mutual promises, representations, warranties and covenants contained herein and in the Purchase Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged by the parties hereto, the parties hereto agree as follows:

1. **COMMENCEMENT DATE.** Although this Agreement shall be effective as of the date first written above, the transfer of operations contemplated by this Agreement shall commence and be effective on and as of the Closing Date, as defined in the Purchase Agreement (the "**Commencement Date**"), and New Operator agrees to cooperate with each other to affect an orderly transfer of the operations of the Facility as of the Commencement Date.

2. **CONDITIONS PRECEDENT.**

a. New Operator's obligation to consummate the transactions contemplated in this Agreement shall be subject to the following conditions precedent on and as of the Commencement Date to the reasonable satisfaction of New Operator or the written waiver thereof by New Operator:

i. Seller shall have duly and timely materially performed and fulfilled all of its material duties, obligations, promises, covenants and agreements hereunder, shall not be in breach of any term of this Agreement and the representations and warranties given by Seller to New Operator hereunder shall be materially true and correct, as of such date.

ii. Delivery by Seller of a fully executed Bill of Sale for the Supplies (as hereinafter defined) of the Facility.

iii. Delivery by Seller of a fully executed General Assignment of the Intangible Property (as hereinafter defined) of the Facility.

iv. Delivery by Seller of a bring-down certificate certifying that all of the representations and warranties made and given by Seller in this Agreement are true and correct as of the Commencement Date.

v. Consummation of the transactions contemplated under the Purchase Agreement.

vi. New Operator shall have obtained all necessary government approvals that are required to operate the Facility as a skilled nursing facility under Illinois law (the "*License*"), which may be evidenced by a comfort letter from the Illinois Department of Public Health ("*IDPH*") approving the transfer of ownership of the Facility contingent upon submission to IDPH of a recorded deed.

vii. Seller shall notify the Illinois Department of Revenue (the "*IDR*") and shall request tax clearance certificates from the IDR. No later than three (3) business days prior to the Commencement Date, Seller shall (A) obtain either a full release of claims from the IDR with respect to all debts owed by Seller or a statement setting forth all IDR debts owed by Seller, and (B) provide New Operator with a statement setting forth the amount owed by Seller with respect to all Illinois and federal payroll, assessment and other taxes and all license fees, including supporting materials.

viii. Seller shall have obtained a Clearance Letter for the Illinois Department of Employment Security ("*IDES*"), and either a full release of claims from the IDES with respect to all debts owed by Seller thereunder, or a statement setting forth the amount to be withheld by Seller, and such amounts shall be held in escrow by Title Company pending the full release of claims by IDES.

ix. No action or proceeding shall have been instituted, nor any judgment, order or decree entered by any court or governmental body or authority preventing the consummation of the transaction contemplated by this Agreement or the Purchase Agreement, or which could materially and adversely affect New Operator's ability to operate the Facility as a skilled nursing facility with the same number and type of beds and units as are operating at the Facility on the date hereof.

x. Since the end of the Inspection Period (as defined in the Purchase Agreement), there shall have been no material adverse change in the condition of the business operations of the Facility. For purposes of this Agreement "material adverse change" shall mean any event, occurrence or change that is materially adverse to the condition of the business operations of the Facility, when taken as a whole, but shall exclude any adverse effect resulting from, arising out of or relation to (A) war or terrorism, (B) acts of God, (C) changes affecting the Illinois senior housing industry generally, (D) changes in business or economic conditions in the United States generally, (E) actions made pursuant to the terms of this Agreement, the Purchase Agreement or with New Operator's express written consent, or (F) any announcement or disclosure of the pendency of the transactions set forth herein or in the Purchase Agreement.

xi. There shall be no outstanding Life Safety Code or IDPH violations with a scope and severity level that represents "substandard quality of care" as defined in 42 CFR § 488.301 that have not been corrected at least three (3) business day prior to the Closing Date.

b. Seller's obligations to consummate the transaction contemplated in this Agreement shall be subject to the following conditions precedent on and as of the Commencement Date to the reasonable satisfaction of Seller or the written waiver thereof:

i. New Operator shall have duly and timely materially performed and fulfilled all of its material duties, obligations, promises, covenants and agreements hereunder, shall not be in breach of any term of this Agreement and the representations and warranties given by New Operator to Seller hereunder shall be materially true and correct as of such date.

ii. Delivery by New Operator of a bring-down certificate certifying that all of the representations and warranties made and given by New Operator in this Agreement are true and correct as of the Commencement Date.

iii. Consummation of the transactions contemplated under the Purchase Agreement.

iv. Delivery by New Operator of Certificates of Good Standing from the State of Illinois Secretary of State, certified copies of the Articles of Organization of New Operator and any amendments thereto and a certified copy of the resolutions of New Operator, authorizing the execution, delivery and consummation of this Agreement and the execution, delivery and consummation of all other agreements and documents executed in connection herewith, including all instruments required hereunder, sufficient in form and content to meet the requirements of Illinois law relevant to such transactions and certified by an officer or manager of New Operator as adopted and in full force and effect and unamended as of the Commencement Date.

v. New Operator shall have obtained the License required to operate the Facility as a skilled nursing facility under Illinois law or the comfort letter described in **Section 2(a)(vi)**.

3. CONVEYANCE OF PERSONAL PROPERTY, SUPPLIES AND INTANGIBLE PROPERTY.

a. The property being transferred by Seller to New Operator hereunder (the "**Property**"), which specifically excludes the Excluded Property (as hereinafter defined), shall consist of all of Seller's right, title and interest in and to the following:

i. All supplies used in the operation of the Facility and not otherwise transferred to Purchaser pursuant to the terms of the Purchase Agreement, but specifically excluding all personal property owned by residents of the Facility and all Personal Property and FF&E (as each are defined in the Purchase Agreement) and transferred to Purchaser thereunder) that are located at the Facility and utilized in connection with the operating or managing of the Facility (collectively, the "**Supplies**"). A list of any and all vehicles used in connection with the operation of the Facility is attached hereto and made a part hereof as **Schedule 3(a)(i)**, which shall be transferred from Seller to New Operator on the Commencement Date.

ii. To the extent assignable, the rights of Seller in the Assumed Contracts (as hereinafter defined).

iii. To the extent assignable by Seller, all licenses, permits (including any special use permits from any municipality or county where the Facility is located), certificates of need, accreditations, Medicaid and Medicare provider agreements and certificates of

occupancy issued by any federal, state, municipal or local governmental authority relating to the use, maintenance, management or operation of the Facility, running to or in favor of Seller ("*Assumed Licenses*").

iv. All intangible property used in connection with the operation of the Facility, including: (A) all telephone numbers presently in use at the Facility, all telephone listings and any website data, (B) all books, files and records of the for current residents of the Facility in its possession ("*Resident Records*"), (C) all books, files and records of current employees of the Facility in its possession (the "*Employee Records*"), (D) any third party warranties associated with the Facility or the Property, to the extent assignable, (E) the rights of Seller under any provider agreements with any private third-party payor programs (excluding the right to any payments, reimbursement and/or recoupment accrued before the Commencement Date), but only to the extent assignable by Seller, (F) all policy and procedure manuals regarding the Facility, and (G) the business and the goodwill associated with the business and the reputation of the Facility (collectively, along with the Assumed Contracts, Assumed Licenses, Warranties and Resident Agreements (each as defined herein), the "*Intangible Property*").

b. On the Commencement Date, Seller shall deliver to New Operator, at no cost to New Operator, a Bill of Sale for the Supplies of the Facility, which shall convey to New Operator good and marketable right, title and interest in and to the Supplies, free of all liens, encumbrances and security interests of any kind (the "*Bill of Sale*"). New Operator agrees that the presence of the Supplies at the Facility on the Commencement Date shall constitute delivery thereof.

c. On the Commencement Date, Seller shall deliver to New Operator, at no cost to New Operator, a General Assignment for the Intangible Property of the Facility, which shall convey to such New Operator good and marketable right, title and interest in and to the Intangible Property free of all liens, encumbrances and security interests of any kind (the "*General Assignment*").

4. **EXCLUDED PROPERTY.** Notwithstanding the foregoing, the following shall be excluded from the transfer by Seller to New Operator hereunder (the "*Excluded Property*"): (a) any of Seller's accounts receivable, accounts payable or liabilities associated with the operation of the Facility prior to the Commencement Date, (b) cash and cash equivalents and third party payor settlements, (c) Seller's rights under this Agreement and the agreements to be executed in connection herewith, (d) Seller's organizational documents, (e) personal property owned by residents of the Facility and not by Seller, (f) the Rejected Contracts (as hereinafter defined) and any other contract, agreement, commitment, lease or other arrangement to which Seller is a party or that affects the Facility and that is not assumed by New Operator, (g) any property or confidential or proprietary information of Seller or any of its affiliates that is not primarily used or held in connection with the Facility, (h) all software that cannot be legally assigned and other nontransferable licenses, and (i) personal property owned by third party vendors and leased to Seller or any entity providing services at the Facility for use in connection with the operations of the Facility.

5. **TRANSFER OF RESIDENT TRUST FUNDS.**

a. On or prior to the Commencement Date Seller shall provide to New Operator a true, correct and complete accounting (properly reconciled so that there are no negative balances), certified as being true, correct and complete by of any resident trust funds and an inventory of all residents' property, if any, held by for residents at the Facility (collectively, the "*Resident Trust Funds*").

b. Seller hereby agrees to transfer to New Operator the Resident Trust Funds on the Commencement Date shall comply with all governmental statutes, rules and regulations with respect to the transfer of such Resident Trust Funds. New Operator hereby agrees that it will accept the Resident Trust Funds in trust for the residents, in accordance with applicable statutory and regulatory requirements; provided, however, such transfer shall not relieve Seller of its custodial and fiduciary responsibilities for such funds and property to the beneficiaries thereof for the period prior to the Commencement Date.

c. Seller will indemnify, defend and hold New Operator harmless from all liabilities, claims, demands and causes of action of any nature whatsoever, including reasonable attorneys' fees, in the event the amount of funds, if any, transferred to New Operator did not represent the full amount of the funds delivered to Seller as custodian or with respect to any Resident Trust Funds delivered, or claimed to have been delivered, to but which were not delivered by to New Operator, or for claims which arise from actions or omissions of Seller with respect to the Resident Trust Funds prior to the Commencement Date.

d. New Operator will indemnify, defend and hold Seller harmless from all liabilities, claims, demands and causes of action of any nature whatsoever, including reasonable attorneys' fees, in the event a Resident Trust Funds claim is made against Seller for funds that were transferred to New Operator pursuant to the terms hereof or relating to a Resident Trust Funds claim which arises from actions or omissions of New Operator after the Commencement Date.

6. **CHANGE OF OWNERSHIP APPROVAL.** At least thirty (30) days before the Commencement Date, New Operator shall execute and file any and all forms, notices, consents and applications as may be necessary to obtain (a) the Licenses, (b) the certificate of need approval ("**CON Approval**") required by the State of Illinois, and (c) if allowed, the necessary government approvals that are required to receive reimbursement under Medicaid and the issuance of a Medicaid contract to New Operator upon transfer of ownership (collectively, the "**Government Approvals**") prior to the Commencement Date, including any application with IDPH for approval to become the licensee of the Facility, and any application with the Illinois Department of Healthcare and Family Services ("**HFS**") to become a Medicaid enrolled provider. Seller shall cooperate with New Operator as necessary in the preparation of these applications. Each party hereto agrees to use its best efforts to prepare and deliver to each other party all appropriate information and documents necessary for governmental applications for approval of a change of ownership for the Facility. New Operator's obligations under this Section 6 shall be at its sole cost and expense. Seller shall be reimbursed by New Operator for any out-of-pocket expenses reasonably incurred in connection with Seller's obligations under this Section 6.

7. **MEDICARE AND MEDICAID PROVIDER NUMBERS; FINAL COST REPORTS; RECAPTURE; TAXES AND FEES; CIVIL MONETARY PENALTIES.**

a. Effective on the Commencement Date, Seller shall sell, assign and convey to New Operator the Medicare provider number in use at the Facility (the "**Existing Medicare Provider Number**"), subject to the approval of the United States Department of Health and Human Services Centers for Medicare and Medicaid Services ("**CMS**"), by way of New Operator's submitted 855A Medicare Enrollment Application. New Operator acknowledges and agrees that it shall be prohibited from billing under the Existing Medicare Provider Number until the date of the issuance of the Medicare tie-in-notice by CMS. New Operator shall be permitted to bill all claims incurred during the period commencing on the Commencement Date upon issuance of the Medicare tie-in notice. Seller shall execute any and all documents necessary to and will otherwise cooperate in connection with the assignment of the Existing Medicare Provider Number including, but not limited to, submission of Seller's 855A Medicare Enrollment Application to terminate Seller's participation in the Medicare program. Promptly after the Commencement

Date, New Operator will promptly complete its Medicaid Application with HFS to obtain its own Medicaid provider number (the "**Medicaid Provider Number**"). Notwithstanding the foregoing, Seller shall retain any and all rights and obligations relating to the Existing Medicare Provider Number and Medicaid Provider Number for all services, payments pursuant to the CARES Act, rendered or received prior to the Commencement Date.

b. Seller shall prepare and file with the appropriate Medicare and Medicaid agencies its final cost reports with respect to the operation of the Facility prior to the Commencement Date prior to the deadline for the filing under the applicable third party payor program. Seller agrees to provide New Operator with a copy of the filed final costs reports within three (3) business days after written request from New Operator.

c. New Operator shall notify Seller New Operator, within five (5) business days after receipt of any notice of any claim by the United States Department of Health and Human Services, Office of Inspector General ("**OIG**"), CMS, IDPH, HFS or any other governmental or quasi-governmental agency or contractor for withholding, recoupment, repayment, recapture or recovery of or penalty related to any civil monetary penalty, any alleged overpayment by Medicaid or Medicare or related to any audit, including any alleged underpayment of any tax and/or assessment, if any ("**Provider Tax**"), or for bed taxes or assessments or any associated penalties (all of the foregoing, collectively, "**Recapture**") for services rendered for the periods prior to the Commencement Date. In the event that the federal or state agencies making payments to New Operator for services performed at the Facility on or after the Commencement Date make any claim for Recapture for any period ending before the Commencement Date, then Seller shall save, indemnify, defend and hold New Operator harmless from and against any loss, damage, injury or expense incurred by New Operator arising from or related to any such claim. In connection with the foregoing indemnification obligation, in the event that OIG, CMS, IDPH, HFS, or any other governmental or quasi-governmental authority, contractor or agency or other third party payor source withholds amounts from New Operator's reimbursement checks as a result of any Recapture claim, Seller shall pay such amounts to New Operator within thirty (30) days following New Operator's demand therefor. Seller and shall be entitled to challenge any Recapture claim and if all or any part of such challenge is successful, New Operator will reimburse Seller for the amount received by New Operator from Seller related to the successfully challenged Recapture amount within thirty (30) days of receipt of credit or funds resulting from the successful challenge. Notwithstanding the foregoing, New Operator's failure to timely notify or make demand on Seller with respect to any Recapture claim shall not void, vitiate or invalidate Seller's obligations hereunder nor release Seller from any such duty or obligation. The provisions of this subsection shall survive the Commencement Date for a period of three (3) years.

d. Seller shall be and remain obligated for and shall pay on or before the date due thereof all fees, taxes or assessments, including all amounts of Illinois assessment tax or Illinois license fees/taxes accrued through the Commencement Date including, but not limited to, the Illinois licensed bed tax, occupied bed tax and any other bed tax or Provider Tax or assessment, it being acknowledged that bed taxes are based on the assessment month and not the month of reporting. If Seller fail to make said payments on a timely basis and New Operator is required to make said payments or funds are withheld from New Operator's reimbursement payments, Seller shall pay such amounts and any interest or late fees to New Operator within thirty (30) days following New Operator's demand therefor. New Operator shall be and remain obligated for and shall pay on or before the date due thereof all fees, taxes and assessments accrued on and after the Commencement Date including, but not limited to, any Provider Tax.

8. CONTRACTS.

a. A schedule of all written equipment leases, service or maintenance contracts and agreements or other agreements affecting the Facility, including any pharmacy, therapy, managed care, service and employment contracts (collectively, the "**Contracts**") is attached hereto as **Schedule 8(a)**. After execution of this Agreement, Seller shall provide contact information for all third party managed care and insurance providers to allow New Operator to make arrangements for the execution of assignments of contracts or new contracts with such providers.

b. Concurrent with the Commencement Date, this Agreement shall be deemed an assignment of the rights, title and interest by Seller, and an assumption of the duties and obligations by New Operator, of each of the Contracts selected by New Operator to be set forth on **Schedule 8(b)** (the Contracts assumed hereunder, collectively with the Resident Agreements and the Warranties (as each are hereinafter defined), are herein referred to as the "**Assumed Contracts**," and the Contracts not assumed by New Operator shall be referred to as the "**Rejected Contracts**"). If New Operator desires to assume any Contract that is not an Assumed Contract and delivers to Seller notice of the same within ten (10) business days of the date of this Agreement, then **Schedule 8(b)** shall be updated accordingly. Seller shall remain responsible for all liabilities and obligations (i) under the Rejected Contracts, (ii) under the Assumed Contracts to the extent such liabilities and obligations accrue or arise prior to the Commencement Date, and (iii) for services that were performed or rendered prior to the Commencement Date.

c. To the extent any third party consent is required in connection with the assignment and assumption of the Assumed Contracts, Seller hereby covenant to request such third party consent prior to the Commencement Date. New Operator acknowledging that, provided the Seller acts in good faith using its best efforts, the failure to obtain such consent shall not be a default hereunder.

d. On the Commencement Date, Seller shall transfer, convey and assign to New Operator pursuant to the General Assignment all existing agreements with residents and, to the extent assignable, any guarantors thereof ("**Resident Agreements**") and to the extent assignable, any warranties presently held by Seller with respect to the Facility, including any warranties on the heating, ventilation and air conditioning systems and the roof and foundation of the Facility (the "**Warranties**").

9. ASSUMPTION OF LIABILITIES.

a. Except as otherwise set forth in this Agreement, New Operator shall not assume or be liable for any debts, liabilities or obligations of Seller, with respect to the Facility prior to the Commencement Date, including but not limited to, any (i) liabilities or obligations of Seller to its creditors, (ii) liabilities or obligations of Seller with respect to the Contracts for the period prior to the Commencement Date, (iii) liabilities or obligations of Seller with respect to Rejected Contracts, and liabilities or obligations of Seller with respect to Assumed Contracts for the period prior to the assumption by New Operator, (iv) liabilities or obligations of Seller for any federal, state, county or local taxes applicable to or assessed against Seller, its assets or business, or the Property for periods prior to the Commencement Date, (v) Recapture, penalties, adjustments, overpayments, assessments or charges with respect to Seller's Medicaid Provider Number or Medicare Provider Number for the period prior to the Commencement Date, (vi) any legal actions related to services provided before the Commencement Date, including any matters relating to cost reports, collections, audits, hearings or legal action arising therefrom, or (vii) any other obligations or liabilities resulting from any act or failure to act by Seller and/or the operations of the Facility prior to the Commencement Date.

b. Except as otherwise set forth in this Agreement, Seller does not assume and shall not be liable for any debts, liabilities or obligations of New Operator or with respect to the Facility on or after the Commencement Date, including any (i) liabilities or obligations of New Operator to its creditors, (ii) liabilities or obligations of New Operator with respect to Assumed Contracts for services rendered on or after the Commencement Date, (iii) liabilities or obligations of New Operator for any federal, state, county or local taxes applicable to or assessed against New Operator or the assets or business of New Operator, or applicable to, incurred by and accrued or assessed against the Facility after the Commencement Date, (iv) Recapture, penalties, adjustments, overpayments, assessments or charges with respect to Seller's or New Operator's Medicaid Provider Numbers or Medicare Provider Numbers for the period on or after the Commencement Date, (v) any legal actions related to services provided on or after the Commencement Date, or (vi) any other liabilities resulting from any act or failure to act by New Operator on or after the Commencement Date.

10. **ACCOUNTS RECEIVABLE; ACCOUNTS PAYABLE.**

a. Seller shall retain the right to collect all unpaid accounts receivable as of 11:59 p.m. on the day prior to the Commencement Date with respect to the Facility to the extent that such accounts receivable relate to services rendered prior to the Commencement Date.

b. To the extent Seller, or New Operator receives any payments for accounts receivable and the accompanying remittance advice or other payer designation does not indicate the period to which a payment relates or if there is no accompanying remittance advice or other payer designation and if the parties do not otherwise agree as to how to apply such payment, then, the parties will be deemed to have agreed that (i) any undesignated payments received during the first sixty (60) days after the Commencement Date shall be applied first to pre-Commencement Date balances for such resident until such balances have been reduced to zero, and any remaining portion shall be applied to post-Commencement Date balances, (ii) any undesignated payments received after the sixtieth (60th) day, but before the one hundred twentieth (120th) day after the Commencement Date, shall be split one-half to each of pre-Commencement Date balances and one-half to post-Commencement Date balances, and (iii) any undesignated payments received after the one hundred twentieth (120th) day after the Commencement Date shall be applied first to post-Commencement Date balances for such resident until such balances as of the date of funds' application have been reduced to zero, with any remaining portion applied to pre-Commencement Date balances, to the extent such resident has a pre-Commencement Date balance.

c. If at any time after the Commencement Date, Seller shall receive any payment from any federal or state agency for services rendered at the Facility on or after the Commencement Date, then Seller, as applicable, shall remit such payments (or an amount equal to such payments) to New Operator within thirty (30) days from identifying such payments. If at any time after the Commencement Date New Operator shall receive any payment from any federal or state agency for services rendered at the Facility prior to the Commencement Date, then New Operator shall remit such payments (or an amount equal to such payments) to Seller within thirty (30) days from identifying such payments.

d. To the extent either party receives payments for accounts receivable of the other party, both parties acknowledge that the party receiving the payment belonging to the other party shall hold the payment in trust, that neither party shall have any right to offset with respect to such accounts receivable, and that the party erroneously receiving the payment shall have no right, title or interest whatsoever in the payment and shall remit the same to the other within thirty (30) days from identifying such payments.

e. To the extent accounts payable have been accrued for a period that includes time both before and after the Commencement Date, the parties hereto shall apportion the responsibility for payment of the same on a pro rata basis based on number of days. Prior to the Commencement Date, Seller and New Operator agree to cooperate with each other to setup new accounts for utilities in New Operator's name and to notify the merchants, suppliers or other third parties that New Operator bears responsibility for accounts payable of the Facility with respect to the post-Commencement Date services related to the Assumed Contracts and utilities.

11. **EMPLOYEES.**

a. Seller shall terminate the employment of all employees providing services at the Facility (the "**Employees**") as of the Commencement Date. New Operator shall not assume any employment contracts to which Seller may be a party including, without limitation, that New Operator shall not assume any collective bargaining agreement of Seller. Seller shall not make any material changes in the compensation or benefits of any employee at the Facility prior to the Commencement Date without the prior consent of the New Operator.

b. Seller shall pay the salaries due to Employees for the period prior to the Commencement Date during its regular payroll cycle.

c. For the employees that the New Operator does not hire, concurrent with the payment of the salaries post-commencement date, Seller shall pay all employees any and all accrued PTO and sick pay at closing or the next regularly scheduled pay date after closing (or such shorter period to insure compliance with the state and Federal law).

d. For the employees that the New Operator does hire, Seller shall pay any and all accrued PTO at closing or the next regularly scheduled pay date after closing and shall provide New Operator with a schedule of all the Employees' accrued sick time plus the associated payroll taxes ("**Accrued sick time**"), which schedule shall include the value of the Accrued sick time for the fully vested Employees based on their then applicable wages. New Operator and Seller may update the schedule at any time prior to Commencement Date with the updated amounts then becoming the Accrued sick time. The parties acknowledge that certain Accrued sick time will not be due and owing by New Operator to the Employees that New Operator does hire. On the Commencement Date, Seller shall pay to New Operator an amount equal to 85% of the Accrued sick time. New Operator shall assume responsibility for the honoring and/or payment of all of the Accrued sick time. The Accrued sick time shall not be subject to adjustments as set forth in **Section 14(c)**. The provisions of this **Section 11(d)** shall survive Commencement Date.

12. **RECORDS.** Seller and shall leave at the Facility either the originals or full and complete copies of all Resident Records and Employee Records.

13. **ACCESS.**

a. Prior to the Commencement Date, Seller shall permit New Operator reasonable access to the Facility and any information reasonably requested in connection with New Operator's due diligence, provided that such access rights are not disruptive to the operations at the Facility and are at all times in compliance with all state and federal laws governing the rights of the residents of the Facility. After the Commencement Date, Seller shall allow New Operator and its agents and representatives reasonable access to (upon reasonable prior notice and during normal business hours) and to make copies of patient records, the books and records and supporting material of the Facility relating to the period prior to the Commencement Date, at New Operator's

expense, as applicable, to allow New Operator to investigate and defend malpractice, employee or other claims, and to file or defend cost reports and tax returns.

b. After the Commencement Date, New Operator shall allow Seller and its agents and representatives reasonable access to (upon reasonable prior notice and during normal business hours) and to make copies of the patient records, books and records and supporting material of the Facility relating to the period prior to the Commencement Date, at Seller's expense, as applicable, to allow Seller to investigate and defend malpractice, employee or other claims, and to file or defend cost reports and tax returns.

14. **PRORATIONS.**

a. On and as of the Commencement Date, Seller and New Operator shall prorate revenues and expenses pertaining to the Facility, utility charges for the billing period in which the Commencement Date occurs, Assumed Contracts, prepaid income and expenses, Illinois bed taxes or assessments, personal property taxes, provider taxes and other related items of revenue or expense attributable to the Facility.

b. All prorations between the parties shall be made on the basis of actual days elapsed in the relevant accounting or revenue period and shall be based on the most recent information available to the parties hereto. Utility charges which are not metered and read on the Commencement Date shall be estimated based on prior charges, and shall be re-prorated within five business days after receipt of statements therefor. Seller and New Operator shall jointly arrange for the turnover of the utility services.

c. Except as otherwise set forth herein, all amounts owing from one party hereto to the other party hereto that require adjustment after the Commencement Date shall be settled within thirty (30) days after the Commencement Date or, in the event the information necessary for such adjustment is not available within said thirty (30) day period, within five (5) business day of such information being available, but no later than nine (9) months after the Commencement Date.

15. **POLICY AND PROCEDURE MANUALS.** Seller to leave its policy and procedure manuals at the Facility and to transfer all of its right, title and interest in and to such policy and procedure manuals to New Operator.

16. **INDEMNIFICATION.**

a. In addition to any other indemnity set forth herein, but subject to the first dollar Basket and Ceiling described below, New Operator hereby indemnifies and agrees to defend and hold Seller and its successors, assigns, affiliates, managers, members, directors, officers, agents and employees harmless from and against any and all claims, demands, obligations, losses, liabilities, damages, recoveries and deficiencies (including interest, penalties and reasonable attorneys' fees, costs and expenses) (collectively, "**Losses**") which any of them may suffer as a result of:

- i. the breach of the representations or the breach of any of the warranties of New Operator herein or given pursuant hereto, if the survival period for the same has not lapsed;
- ii. any default by New Operator in the performance of any of its commitments, covenants or obligations under this Agreement;

iii. any suits, arbitration proceedings, administrative actions or investigations to the extent relating to the operations at the Facility by New Operator on or after the Commencement Date;

iv. claims which arise after the Commencement Date and relate to periods on or after the Commencement Date with respect to Resident Trust Funds; and

v. any liability which may arise from operations at, or use or condition of, the Facility on or after the Commencement Date to the extent it relates to the operations at, or use or condition of, the Facility on or after the Commencement Date.

Within thirty (30) days after notice of a claim pursuant to **Section 16(c)**, New Operator shall promptly pay to Seller a sum of money sufficient to pay in full such claim or demand, or promptly cure such breach or contest such claim in accordance with **Section 16(c)** hereof.

b. In addition to any other indemnity set forth herein, but subject to the first dollar Basket and Ceiling described below, Seller hereby indemnifies and agrees to defend and hold New Operator and its successors, assigns, affiliates, managers, members, agents, servants and employees harmless from and against any and all Losses which any of them may suffer as a result of any of the following events:

i. the breach of any of the representations or the breach of any of the warranties of Seller herein or given pursuant hereto, if the survival period for the same has not lapsed;

ii. any default by Seller in the performance of any of its commitments, covenants or obligations under this Agreement;

iii. any suits, arbitration proceedings, administrative actions, investigations or penalties to the extent relating to the operations at the Facility prior to the Commencement Date;

iv. for claims with respect to the Resident Trust Funds which arise prior to the Commencement Date or relate to period prior to the Commencement Date;

v. any obligations under any Contracts that shall accrue or relate to periods prior to the Commencement Date or for services that were performed or rendered prior the Commencement Date;

vi. any claim for Recapture; and

vii. any liability which may arise from operations at, or use or condition of, the Facility prior to the Commencement Date to the extent it relates to the operations at, or use or condition of, the Facility prior to the Commencement Date.

Within thirty (30) days after notice of a claim pursuant to **Section 16(c)**, Seller shall promptly pay to New Operator a sum of money sufficient to pay in full such claim or demand, or promptly cure such breach or contest such claim in accordance with **Section 16(c)** hereof.

c. In the event that any liability, claim, demand or cause of action which is indemnified against by or under any term, provision, Section or paragraph of this Agreement ("**Indemnitee's Claim**") is made against or received by any indemnified party ("**Indemnitee**") hereunder, said Indemnitee shall notify the indemnifying party ("**Indemnitor**") in writing within twenty one (21) calendar days of Indemnitee's receipt of written notice of said Indemnitee's Claim; provided,

however, that Indemnitee's failure to timely notify Indemnitor of Indemnitee's receipt of an Indemnitee's Claim shall not impair, void, vitiate or invalidate Indemnitor's indemnity hereunder nor release Indemnitor from the same, which duty, obligation and indemnity shall remain valid, binding, enforceable and in full force and effect so long as Indemnitee's delay in notifying Indemnitor does not, solely by itself, directly and materially prejudice Indemnitor's right or ability to defend the Indemnitee's Claim. Upon its receipt of any or all Indemnitee's Claim(s), Indemnitor shall diligently defend, compromise or settle said Indemnitee's Claim at Indemnitor's sole and exclusive cost and expense and shall promptly provide Indemnitee evidence thereof within twenty one (21) calendar days of the final, unappealable resolution of said Indemnitee's Claim, provided such claim is for litigation only. Notwithstanding any other provision hereof, in the event of an Indemnitee's Claim unrelated to litigation (e.g., Medicaid takeback), Indemnitor shall be responsible for any damages, costs or expenses to Indemnitee, including attorney's fees incurred as a result of the indemnification event, to be paid to Indemnitee within thirty (30) days of written demand for the same. Upon the receipt of the written request of Indemnitee, Indemnitor shall within fourteen (14) calendar days provide Indemnitee a true, correct, accurate and complete written status report regarding the then current status of said Indemnitee's Claim.

d. Indemnitee may not settle or compromise an Indemnitee's Claim without Indemnitor's prior written consent. Failure to obtain such consent shall be deemed forfeiture by Indemnitee of its indemnification rights hereunder.

e. Neither Seller nor New Operator shall have the right to assert any Indemnitee's Claim unless the claim, in the aggregate with any other claims proposed to be asserted by such Indemnitee, exceeds Twenty-Five Thousand Dollars (\$25,000.00) (the "**Basket**"); provided, however, that if and when such threshold is reached and thereafter, any and all claims shall be payable from the first dollar of such Losses; provided, further, the Basket shall not apply to indemnification for any Losses related to Recapture claims.

f. The maximum amount of liability that any party shall have to the other in all circumstances for any and all Losses or any other indemnification obligation related to this Agreement shall not exceed in the aggregate, an amount equal to One Million Dollars (\$1,000,000.00) (the "**Ceiling**").

g. The indemnification obligations under this **Section 16** shall survive the Commencement Date for a period of three (3) years.

17. REPRESENTATIONS AND WARRANTIES OF NEW OPERATOR. As an inducement to Seller to enter into this Agreement, New Operator covenants and makes the following representations and warranties set forth below, which are true and correct as of the date hereof and which shall be true and correct on the Commencement Date:

a. **Status.** New Operator is a limited liability company, duly organized and validly existing in good standing under the laws of the State of Illinois.

b. **Authority.** New Operator has the full right, power and authority to enter into this Agreement.

c. **Survival of Representations or Warranties.** The representations and warranties of New Operator under **Section 17(a)** (Status) and **Section 17(b)** (Authority) shall survive the Commencement Date of the transaction contemplated hereunder for the maximum period permitted by applicable law.

18. **REPRESENTATIONS AND WARRANTIES OF SELLER.** As an inducement to New Operator to enter into this Agreement, Seller covenants and makes the following representations and warranties, which are true and correct as of the date hereof and which shall be true and correct as of the Commencement Date:

a. **Status.** Seller is a public body corporate and politic under the laws of the State of Illinois and is duly qualified to own property and conduct business in the State of Illinois.

b. **Authority.** Seller has the full right, power and authority to enter into this Agreement.

c. **Litigation; Claims.** There are no lawsuits, investigations, unpaid penalties, unpaid fines, claims or other proceedings pending or, to Seller's knowledge, threatened against Seller specifically related to the Facility or Seller's right to own the Property or Seller's right to enter into this Agreement, other than as set forth in **Schedule 18(d)**. To Seller's knowledge, there are no ongoing audits of the Facility's billing by any third-party payor or any material outstanding claims against Seller by any third party payor.

d. **Contracts.** Seller has made available to New Operator a copy of each written Contract that affects the Facility. To Seller's knowledge, each of the Contracts is legal, valid, binding and enforceable. Seller knows of no reason why it would be in default under any Contracts related to the Facility.

e. **Property and Supplies.** Unless specifically permitted pursuant to the terms of this Agreement, Seller has not removed any items of personal property or Supplies from the Facility. Except for the Resident Trust Funds, Seller does not have possession of any other personal property owned by any resident of the Facility.

f. **AS IS.** New Operator acknowledges and agrees that neither Seller nor any agent or representative of Seller have made, and Seller is not liable or responsible for or bound in any manner by any express or implied representations, warranties, covenants, agreements, obligations, guarantees, statements, information or inducements pertaining to the physical condition of the Supplies, Property or the Facility, including the quantity, character, fitness and quality thereof, merchantability, fitness for particular purpose, the income, expenses or operation thereof, the value and profitability thereof, the structural and mechanical condition of the buildings, structures and improvements situated thereon, the plumbing, heating, air conditioning, electric and ventilating systems serving the Property and any other matter or thing whatsoever with respect thereto. Purchaser acknowledges, agrees, represents and warrants that it has and shall have the opportunity to inspect the Property and all matters comprising the Property, including the Supplies and Facility, and has or shall have access to information and data relating to all of same as Purchaser deems necessary, prudent, appropriate or desirable for the purposes of this transaction. Purchaser acknowledges that it is fully familiar with the Property and Purchaser expressly agrees to accept the Supplies, Property and the Facility **"AS IS, WHERE IS AND WITH ALL FAULTS,"** in its current condition, subject to reasonable wear and tear.

g. **Life Care Contracts.** The Facility is not a party to any life care contract with any resident of the Facility.

h. **Audits.** There are no current desk audits or full audits by OIG, CMS, IDPH, HFS, or any other applicable governmental or quasi-governmental regulatory agency in connection with any cost reports filed by Seller.

i. **Licensure.** The Facility is and shall be on the Commencement Date licensed by IDPH as a skilled nursing facility with 245 skilled nursing beds (20 beds of which are Medicare beds). Such license is unrestricted, unconditional, in good standing and in full force and effect and subject to no waivers or limitations. There are no outstanding Life Safety Code deficiencies or violations cited by IDPH, CMS or any state or local building, fire safety or health authorities that have not been corrected as of the date of this Agreement.

j. **Certification.** The Facility is certified for participation in the Medicare and Medicaid reimbursement programs. Such certifications are in good standing and full force and effect and subject to no restrictions or limitations. There are no written claims, demands or other notices of or action alleging the overpayment of Medicare, Medicaid or other governmental or quasi-governmental reimbursements or demands for the return of such alleged overpayments by any third party payor with respect to the Facility.

k. **Violations.** Seller has not received notice that with respect to the Facility it has been charged or implicated in any violation of any state or federal statute or regulation involving false, fraudulent or abusive practices relating to its participation in state or federally sponsored reimbursement programs including, but not limited to, false or fraudulent billing practices. The Facility is not in an open survey cycle (i.e., received violations but not yet found to be in substantial compliance). Seller has not received notice of, nor is aware of facts that may give rise to, any action that has been threatened, taken or recommended by any government authority to revoke, withdraw or suspend its license to operate the Facility or to terminate or decertify any participation of the Facility in the Medicaid or Medicare programs.

l. **Surveys.** Seller has furnished New Operator with true, accurate and complete copies of all surveys, inspection reports and similar examination reports related to the Facility in its possession as of the date of this Agreement (collectively, the "**Surveys**"). Any violations on the Surveys have been cured and addressed by a plan of corrective action.

m. **Utilities.** All utility services, including heat, air conditioning, hot and cold water, telephones, gas and electricity are available at the Facility in quantities sufficient for the present use of the Property. The Facility has not experienced any material disruptions to its operations arising out of any recurring loss of electrical power, flooding, limitations to access to public sewer and water or restrictions on septic service.

n. **Permits.** To Seller's knowledge, all of the licenses and permits are valid and in full force and effect, and Seller has not received any notice of any violation of such permit or license.

o. **Survival of Representations or Warranties.** The representations and warranties of Seller under this Agreement shall survive the Commencement Date of the transaction contemplated hereunder for the period of twelve (12) months after the Closing Date; except the representations and warranties set forth in **Section 18(a)** (Status) and **Section 18(b)** (Authority), together with any right to indemnification for breach thereof, shall survive the Commencement Date and continue in full force and effect for the maximum period permitted by applicable law.

19. **NO JOINT VENTURE.** Nothing contained herein shall be construed as forming a joint venture or partnership between the parties hereto with respect to the subject matter hereof. The parties hereto do not intend that any third party shall have any rights under this Agreement.

20. **EXHIBITS AND SCHEDULES.** If any exhibits or schedules are not attached to this Agreement on the date of execution, the parties agree to attach such exhibits and schedules as soon as reasonably practicable. This Agreement is subject to New Operator approving all exhibits and schedules not attached

hereto on the date hereof, within five business days of submission thereof to New Operator. The parties hereto agree that the party charged with providing an exhibit or schedule to this Agreement shall, to the extent necessary after delivery thereof, amend or supplement all exhibits and schedules in order for the same to be current, true and correct as of the Commencement Date.

21. **EVENTS OF DEFAULT; REMEDIES.** The breach by either Seller or New Operator (as applicable, "*Defaulting Party*") of any term, provision, condition, promise, covenant, representation, warranty, indemnity, duty or obligation if not cured within ten (10) business days of the earlier of said Defaulting Party's receipt or refusal of written notice of the same from the other party ("*Non-Defaulting Party*") shall automatically and without further notice hereunder be an immediate event of default ("*Event of Default*") entitling Non-Defaulting Party to exercise any remedies available to it hereunder or in law or equity. Non-Defaulting Party's rights and remedies hereunder shall be cumulative and not mutually exclusive and the exercise by Non-Defaulting Party of one or more rights or remedies shall not be deemed, interpreted or construed as an election of the same or to bar, prevent or preclude the simultaneous or consecutive exercise of any other right or remedy available to Non-Defaulting Party, including the simultaneous or successive pursuit of money damages and injunctive relief. Non-Defaulting Party shall not be required to post any bond, surety or security of any nature whatsoever to pursue injunctive relief, the necessity or requirement for the same being hereby waived by Defaulting Party.

22. **GENERAL PROVISIONS.**

a. Seller and New Operator each agree to use their best efforts to cause the conditions to their obligations and to the other party's obligations herein set forth to be satisfied at or prior to the Commencement Date. Each agrees to execute and deliver any further agreements, documents or instruments necessary to effectuate this Agreement and the transactions referred to herein or contemplated hereby or reasonably requested by the other party to perfect or evidence their rights hereunder. Each shall promptly notify the other party of any information delivered to or obtained by such party which would prevent the consummation of the transactions contemplated hereby, or which would indicate a breach of the representations or warranties of any other party hereto.

b. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be sent by recognized overnight courier, electronic mail or registered or certified mail to the addressed as follows:

To Seller: Rock Island County Board
c/o Richard Brunk, Chair
1504 Third Avenue
Rock Island, Illinois 61201
Email: rbrunk@co.rock-island.il.us

Rock Island County Board
c/o Jim Snider, County Administrator
1504 Third Avenue
Rock Island, Illinois 61201
Email: jsnider@co.rock-island.il.us

with a copy to: Marcus & Millichap
c/o Ray Giannini, Senior Managing Director
13890 Bishops Drive, Ste. 300
Brookfield, WI 53005

with a copy to: Polsinelli PC
c/o Charles Sheets
150 N. Riverside Plaza, Ste. 3000
Chicago, IL 60606

To New Operator: 240 Fencel Lane
Hillside, IL 60162

with a copy to: David M. Gross
5683 North Lincoln Avenue
Chicago, IL 60659

or if written notification of a change of address has been sent, to such other party or to such other address as may be designated in that written notification. Each such notice and other communication under this Agreement shall be effective or deemed delivered or furnished (i) if given by mail, on the third business day after such communication is deposited in the mail, (ii) if given by electronic mail, effective upon transmission if before 5:00 p.m. (Central), otherwise effective the next business day, and (iii) if given by hand delivery or overnight courier, when delivered to the address specified above. Notwithstanding anything herein to the contrary, any notice received by a recipient on a day when the federal banks are closed in Chicago, Illinois shall automatically be deemed and construed to be received on the next regular business day following its receipt.

c. Each party hereto shall bear its own legal, accounting and other expenses incurred in connection with the preparation and negotiation of this Agreement and the consummation of the transaction contemplated hereby, whether or not the transaction is consummated.

d. This Agreement, together with all exhibits and schedules attached hereto and any other agreements referred to herein, constitutes the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements.

e. This Agreement may not be modified or amended except in writing signed by the parties hereto.

f. Notwithstanding anything herein to the contrary, neither party shall have liability for any inaccuracy or breach of any representation or warranty if, before the closing, the other party had knowledge of said inaccuracy or breach or the underlying facts giving rise to such inaccuracy or breach.

g. The parties agree that time is of the essence.

h. No waiver of any term, provision or condition of this Agreement, in any one or more instances, shall be deemed to be or be construed as a further or continuing waiver of any such term, provision or condition of this Agreement. No failure to act shall be construed as a waiver of any term, provision, condition or rights granted hereunder.

i. Neither this Agreement nor the rights, duties or obligations arising hereunder shall be assignable or delegable by either party hereto without the express prior written consent of the other party hereto; provided, however, that notwithstanding the foregoing New Operator shall

have the right to assign this Agreement to a an entity affiliated with New Operator formed for the purpose of being designated the permitted assignee of New Operator's rights and obligations under this Agreement, and its rights, privileges and obligations hereunder shall be deemed assigned to such newly formed company. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

j. Captions of paragraphs are for convenience only and are not part of this Agreement and do not affect, change or modify the paragraphs they precede.

k. All understandings and agreements heretofore and between the parties are merged in this Agreement and all exhibits and schedules attached hereto, which alone fully and completely expresses their agreement.

l. This Agreement shall be construed in accordance with the laws of the State of Illinois.

m. EACH PARTY HERETO WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED IN CONNECTION HERewith OR HEREAFTER AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

n. THIS AGREEMENT AND THE OTHER DOCUMENTS EXECUTED IN CONNECTION HERewith SHALL BE GOVERNED AND CONTROLLED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS AS TO INTERPRETATION, ENFORCEMENT, VALIDITY, CONSTRUCTION, EFFECT, AND IN ALL OTHER RESPECTS. ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE BROUGHT EXCLUSIVELY IN THE STATE OR FEDERAL COURTS LOCATED IN ROCK ISLAND COUNTY, ILLINOIS, AND EACH PARTY HERETO EXPRESSLY SUBMITS TO THE PERSONAL JURISDICTION AND VENUE OF SUCH COURT FOR THE PURPOSES THEREOF. TO THE EXTENT LEGALLY WAIVABLE, EACH OF THE PARTIES HERETO HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON SUCH PARTIES BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUCH PARTY, AT THE ADDRESS SET FOR NOTICE IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST SUCH PARTY IN ACCORDANCE WITH THIS SECTION.

o. This Agreement may be executed in counterparts, or by facsimile or electronic submission, each of which shall for all purposes be deemed an original, and all of such counterparts shall together constitute one and the same agreement.

p. All of the provisions of this Agreement shall be deemed and construed to be "conditions" and "covenants" as though the words specifically expressing or importing covenants and conditions were used in each separate provision hereof.

q. The recitals set forth at the beginning of this Agreement constitute an integral part of this Agreement and are hereby incorporated by reference herein and made in the Purchase Agreement hereof as if fully set forth herein.

r. All nouns and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require, or "any" shall mean "any and all," "or" shall mean "and/or," and "including" shall mean "including, without limitation."

s. As used in this Agreement, an individual will be deemed to have "knowledge" of a particular fact or other matter if such individual is actually aware or should have been aware after due inquiry. An entity other than an individual will be deemed to have "knowledge" of a particular fact or other matter if any individual who is serving as a member, manager, director or officer of such entity is actually aware or should have been aware after due inquiry of such fact or other matter. Notwithstanding and without limiting the foregoing, Seller shall be deemed to have knowledge of a particular fact or other matter under this Agreement if Rick Snider has actual knowledge of such fact or other matter.

t. Whenever the under the terms and provisions of this Agreement the time for performance falls upon a Saturday, Sunday or nationally recognized legal holiday, such time for performance shall be extended to the next business day. Unless otherwise specified, in computing any period of time described herein, the day of the act or event on which the designated period of time begins to run shall not be included and the last day of the period so computed shall be included, unless such last day is a Saturday, Sunday or legal holiday, in which event the period shall run until the next day which is not a Saturday, Sunday or a legal holiday. Further, unless otherwise specified, any reference to a specified number of days shall be deemed to refer to calendar days.

u. If any term or provision of this Agreement shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but, each term and provision shall be valid and be enforced to the fullest extent permitted by law.

v. The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any of the parties hereto.

w. The parties hereto, and each of them, represent that in effecting and executing this Agreement, each has received from legal counsel advice as to its and their respective legal rights, irrespective as to whether they have legal counsel at the time of executing this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by persons authorized to do so on behalf of each of them respectively as of the day and year first above written.

SELLER:

THE COUNTY OF ROCK ISLAND, ILLINOIS,
a public body corporate and politic of the
State of Illinois

Attest:

By: _____
Karen Kenney, County Clerk

By: _____
Richard Brunk, County Board Chair

NEW OPERATOR:

HOPE CREEK NURSING AND REHABILITATION
CENTER, LLC, an Illinois Limited Liability company

By: _____
Name: Michael Blisko
Title: Manager

Section VI, Mergers, Consolidations and Acquisitions/Changes of Ownership
Criterion 1110.240(c), Access

1. Current Admissions Policy

A copy of the current admissions policy and financial assistance policy for the Nursing Home is attached as Attachment – 19B.

2. Proposed Admissions Policy

Hope Creek Nursing and Rehabilitation Center, LLC plans to retain the Nursing Home's current admission policy.

3. Admission Policy Certification

A letter from Michael Blisko, Manager, Hope Creek Nursing and Rehabilitation Center, LLC certifying the admissions policies of the Nursing Home will not become more restrictive after acquisition by Hope Creek Nursing and Rehabilitation Center, LLC is attached as Attachment – 19C.

Policy Title	Applying for Admission
Origination Date	12/11/01
Revision Date	3/27/18, 3/21/19
Related Policies	
Section	Admission/Transfer/Discharge

Policy Name: **Applying for Admission**

Policy: Hope Creek Care Center is a 245 – bed nursing and rehabilitation facility that is licensed for both skilled and intermediate care. The facility accepts Private Pay, Medicaid, Medicare, and Veterans' contracts. All persons admitted to Hope Creek Care Center will be screened prior to admission to determine that all medical, physical, psychosocial, and spiritual needs can be met. The following guidelines for admission will be utilized:

Procedure:

- A. Individuals referred shall be interviewed, as needed, and medical records reviewed by a qualified Hope Creek Care case manager or designee to determine eligibility for admission and that qualified staff is available to meet all care needs. Final decision to admit a resident is based on several criteria: Chronological order of referral, appropriate bed placement and ability to meet all needs of the potential resident. Once accepted, the following documentation is required to be given to the Admission Coordinator prior to admission to our facility:
 1. Signed and dated medication orders from physician
 2. Current history and physical signed and dated by physician
 3. Hope Creek Care Center's financial disclosure statement
 4. Insurance cards, Medicare card, Illinois Public Aid card
 5. Power of Attorney for Healthcare
 6. Power of Attorney for Finances
 7. Any legal documentation representing the resident's medical and financial desires and responsibilities.

When we have an application or when the forms are in the process of being completed and we have available space for the resident, the space may be reserved. This may be done by paying the daily rate charged by the facility. If for any reason, the doctor transfers a patient into the hospital, the family will be notified and may retain the bed at the going daily rate. Residents who have given up their beds because of hospitalization shall be given special consideration for readmission. When a bed is available, the applicant will be called and expected to be admitted within 24 hours.
- B. All residents are admitted upon the recommendation of a qualified physician licensed to practice. Each resident may choose his own physician whose name, address, and phone number, and that of additional physicians will be recorded. If none is chosen, the Medical Director will serve as the resident's physician while in Hope Creek Care Center.
- C. The resident's physician shall examine each resident within five days prior to admission or within seventy-two hours after admission to the facility and the findings, diagnosis, prognosis, and orders recorded. (Section 300.1010 Medical Care Policies)
- D. The following information will be required by all residents immediately upon admission:

1. Each resident shall show freedom from tuberculosis by a tuberculin skin test administered within 90 days prior to or 72 hours after admission. A second skin test shall be done within three weeks. If the first or second test reaction is significant or tuberculosis is suspected at any time, the attending physician, or local health authority may cause follow-up to be done including x-rays, sputum smears and/or cultures.
 2. Current medical findings.
 3. Therapy notes
 4. History and Physical and/or summary of previous hospital care.
 5. Orders for immediate care – if immediate orders are not available, the physician responsible for emergency care gives temporary orders.
 6. If coming from a hospital, documents should contain the information as described in 2, 3, 4, and 5.
 7. Physician's Orders including:
 - a. Medications
 - b. Treatments
 - c. Restorative Services
 - d. Diet
 - e. Special procedure for the health and safety of the resident
 - f. Other plans for continuing care and discharge
 - g. Laboratory studies
 - h. Permission for participation in a Social Activity Program
 - i. Activity
 8. Medication history, if possible
 9. Advance Directives, with orders as necessary
 10. Code Status
- E. Medication must be provided in accordance with current pharmacy packaging regulations. Contracted pharmacy will provide the same pharmacy services to all residents regardless of pharmacy from which medication was obtained.
- F. All residents, guardians, or responsible parties shall sign a contract for care with Hope Creek Care Center.
- G. Policies of Hope Creek Care Center, financial arrangements and other pertinent information shall be provided to the responsible party, guardian, resident or designated agent at the time of admission. If another party executes the "Contract Between Resident and Facility" on behalf of the resident, said party shall be required to provide proper and adequate legal documents to verify his powers and authority to execute said contract.
- H. Room assignments and changes shall be made based on medical, physical, psychosocial, and spiritual considerations without regard to race, color, or national origin of the resident. Husband and wife arrangements are possible depending on room availability and if not medically contraindicated. Room changes will follow IDPH guidelines for notification of residents and families.
- I. The resident or designated agent will be notified regarding significant changes in the resident's status, resident charges, billings, and other administrative policies.
- J. It is encouraged that valuables be sent home with the resident's family. If there are valuables the resident chooses to keep at the facility, Social Service will be notified and a lock added to their

bedside stand per resident request. Hope Creek Care Center is not responsible for lost or stolen items.

- K. The family may do personal laundry. If Hope Creek Care Center does the laundry, the responsible financial designee will be billed monthly. Clothing and personal possessions may have the resident's name on it before it is placed in the resident's room. Resident or responsible party shall sign a clothing list.
- L. A personal phone line in the room and cable television are available at an additional cost at Hope Creek Care Center. Family is responsible to bring the television and phone for use. The responsible financial designee will be billed monthly.
- M. Visiting hours are established and posted, but families are welcome to be with their loved one at any time. We request that visitors respect closed doors while nursing care is being provided.
- N. We request that visitors observe the rules for special diets and do not bring in treats if the resident is on a restricted diet.

Policy Title	Admission Requirements
Origination Date	8/17/11
Revision Date	3/27/18, 3/21/19
Related Policies	
Section	Admission/Transfer/Discharge

Policy: **Admission Requirements**

Purpose: The facility's admission policies:

- Provide uniform guidelines for the admission of residents to the facility.
- Ensure that only residents who can be adequately cared for by the facility are admitted.
- Reduce the fears and anxieties of resident and family during the admission process.
- Are reviewed with the resident/representative (sponsor) (as are the facility's policies and procedures relating to resident rights, resident care, financial obligations, visiting hours, etc.).
- Ensure that appropriate medical and financial records are provided to the facility prior to or upon the resident's admission.

- Procedure:**
1. The facility admits residents without regard to race, color, creed, national origin, age, sex, religion, handicap, ancestry, marital or veteran status, sexual orientation, or payment source.
 2. Facility will follow the IDPH guidelines requiring criminal background checks and sexual offender checks for all residents
 3. Policies and practices regarding transfer, discharge, and provision of services apply to all residents, regardless of payment source. Identical policies and practices means that facilities do not distinguish between residents based on their source of payment when providing services that are required to be provided under the law.
 4. All referral sources are ensured equal opportunity for admissions, and inquiries about the resident's race, religion, or ethnic background are prohibited.
 5. No person will be denied admission on the basis of race, color, age, religion, or national ancestry.
 6. Admission criteria are determined in advance of a referral to ensure that the facility is capable of managing the resident's illness, including behavior issues and plan of care:
 - a. Prospective admissions should be older than 18 years of age.

- b. Prospective admissions should be free from active drug addiction, alcohol abuse, and communicable disease that cannot be managed and contained within the facility.

7 Medicare and Medicaid

- a. The facility cannot require that residents or potential residents waive their rights to Medicare or Medicaid, nor can it require an oral or written assurance that residents or potential residents are not eligible for, or will not apply for, Medicare or Medicaid benefits.
- b. The facility may admit Medicaid participants if:
 - i. The individual is at least 18 years of age and meets the nursing facility services requirements.
 - ii. It is determined that community care is either not available or not appropriate to meet the individual's needs.
 - iii. All preadmission screening requirements are met.

8 The Home shall not admit or keep:

- a. Referrals who require mental health treatment as defined in Illinois Mental Health code. This includes, but is not limited to residents that are destructive of themselves, others or property.
- b. Developmentally Disabled (DD) residents who require specialized DD programming unless authorized by the PASARR Screening Agent for Developmentally Disabled.
- c. Referrals determined by professional evaluation to be in need of services or special equipment not readily available to Hope Creek Care Center or through arrangements with a qualified outside resource. The availability of an outside resource shall be a determining factor.
- d. Referrals under the age of eighteen will not be admitted unless authorized by the Illinois Department of Public Health.
- e. Referrals from a mental health facility or hospital or any long term care facility before authorized personnel have made a personal assessment from the Hope Creek Care Center. The personnel will assess the resident and review all up-to-date medical charts prior to admission.
- f. Referrals requiring prenatal or maternity care. No resident shall be allowed to reside in the facility if she is pregnant.
- g. Referrals who have diagnoses of severe mental illness, as defined in Subpart S of the Illinois Administrative Codes, requiring specialized services.
- h. Individuals who are registered criminal sex offenders.
- i. All referrals will be considered on an individual basis for admission. All prospective residents must be deemed appropriate by either

Alternatives for the Aging, Department Of Rehab Services, PASARR
Agent for Robert Young Mental Health, or the PASARR Agent for the
Developmentally Disabled (Community Support Options).

Policy Title	Admitting Residents with a Confirmed COVID-19 Diagnosis
Origination Date	4/24/2020
Revision Date	
Related Policies	Infection Control/COVID 19
Section	Admissions Transfers Discharges

Policy: Admitting Residents with a Confirmed COVID-19 Diagnosis

Purpose: This policy, in accordance with the guidelines set forth in the facility's standard admissions policies, specifies additional measures taken by the facility to prevent the spread of the global COVID-19 pandemic. As new guidance becomes available from the CDC, CMS and/or the Illinois Department of Public Health, this policy is subject to change to meet the required guidelines as are put forth and shall supersede this policy. The purpose of this policy is:

- To facilitate adequate accommodations and ensure quality care for new or returning residents who have had a laboratory-confirmed diagnosis of COVID-19, and who are clinically ready for hospital discharge.
- To reduce the risk of exposure to COVID-19 to all current residents, staff, and visitors in the facility.
- To ensure the facility maintains adequate inventory of equipment and supplies needed for infection control including environmental disinfectant, PPE, hand sanitizer, etc.

Procedure:

1. Clinically stable patients with a laboratory-confirmed diagnosis of COVID-19 will be considered for admission based on the "COVID-19 IDPH Interim Guidance: Accepting Transfers from Acute Care Settings to LTCF".
2. All new or returning residents, no matter the source, clinical status, or present symptoms, will be isolated for at least the first 14 days of their stay.
3. Residents who have tested positive for COVID-19 will be isolated on a designated unit. If after 14 days they are asymptomatic and afebrile, they will be re-tested for the virus. If the test results are negative, their isolation restrictions may be lifted after an additional 14 day observation period.
4. If bed availability requires cohorting, the facility will cohort known COVID-19 positive residents, cohort new admissions whose status is unknown, and cohort healthy, asymptomatic residents, separate from each other. Designated staff will be assigned to each cohorted group whenever possible.
5. The facility will continue to report all communicable diseases, healthcare-associated infections, and potential outbreaks to State and Local Health Departments per CMS requirements.

Coordinating Alternate Admission Locations

If the facility is forced to stop transfers and admissions during these pandemic conditions, the Administrator will communicate its status to all State and Local agencies as required. Reasons for this status may include a lack of isolation capabilities, inability to provide adequate or designated staffing, and/or inability to comply with PPE guidelines for transmission based precautions.

If the facility transfers a resident to a hospital, and is unable to accommodate the resident's return, the facility will work cooperatively with the discharging hospital, and the resident's POA/Responsible party, to arrange discharge to an appropriate alternative setting, as quickly as possible.

References:

https://www.cdc.gov/coronavirus/2019-ncov/hcp/long-term-care.html?CDC_AA_refVal=https%3A%2F%2Fwww.cdc.gov%2Fcoronavirus%2F2019-ncov%2Fhealthcare-facilities%2Fprevent-spread-in-long-term-care-facilities.html

<http://www.dph.illinois.gov/topics-services/diseases-and-conditions/diseases-a-z-list/coronavirus/long-term-care-guidance>

<https://www.cms.gov/files/document/4220-covid-19-long-term-care-facility-guidance.pdf>

https://www.ahcancal.org/facility_operations/disaster_planning/Documents/Cohorting.pdf

June 2, 2020

Debra Savage
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Admission Policies

Dear Chair Savage:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that the admissions policy for Hope Creek Care Center will not become more restrictive as a result of the proposed change of ownership.

Sincerely,



Michael Blisko
Manager, Hope Creek Nursing and Rehabilitation Center, LLC

Subscribed and sworn to me
This ____ day of _____, 2020

Notary Public

Section VI, Mergers, Consolidations and Acquisitions/Changes of Ownership
Criterion 1110.240(d), Health Care System

1. **Impact on Other Area Providers**

There will be no change in the scope of services as a result of the acquisition of the Nursing Home. The acquisition will not impact other unaffiliated long term care facilities as the transaction consists of a change of control of the operating entity.

2. **Facilities within Applicant's Health Care System**

Hope Creek Nursing and Rehabilitation Center, LLC does not own and/or operate any other health care facilities in the State of Illinois.

3. **Present and Proposed Referral Agreements**

There are no current or proposed referral agreements for the facilities involved in this transaction. Therefore, this criterion is not applicable.

4. **Time and Distance for Proposed Referrals**

There are no current or proposed referral agreements for the facilities involved in this transaction. Therefore, this criterion is not applicable.

5. **Use of Care System Providers**

The change of operator of the Nursing Home will have no impact on area long term care facilities. The change of operator will not restrict the use of other area long term care providers, and Hope Creek Nursing and Rehabilitation Center, LLC will admit residents pursuant to a non-discriminatory admission policy.

6. **Duplication of Services**

As set forth throughout this application, the proposed transaction contemplates a change of ownership of the Nursing Home. Accordingly, the proposed transaction involves the change of operator of an existing long term care facility; there will be no duplication of services.

7. **Services Not Available to the Community**

Hope Creek Nursing and Rehabilitation Center, LLC will continue to provide long term care services currently provided at the Nursing Home. No new services are planned for the acquired facility.

Section VIII, Financial Feasibility
Criterion 1120.120 Availability of Funds

The project will be funded entirely with cash and cash equivalents.

Section IX, Financial Feasibility
Criterion 1120.130 – Financial Viability Waiver

Attached at Attachment – 21A please find The County of Rock Island, Illinois' bond rating from Moody's Investors Service (A3 as of March 12, 2020).

Attached at Attachment – 21B are pro forma financial statements for Hope Creek Nursing and Rehabilitation Center, LLC for the first two years of operation.

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's affirms A3 on Rock Island County, IL's GO; negative outlook removed

12 Mar 2020

New York, March 12, 2020 -- Moody's Investors Service has affirmed the A3 rating on Rock Island County, IL's outstanding general obligation unlimited tax (GOULT) bonds. We also affirmed the A3 rating on the Rock Island County Public Building Commission's lease revenue bonds, issued on behalf of Rock Island County. The action affects \$7.7 million in rated GOULT bonds and \$29 million in rated lease revenue bonds. The negative outlook was removed.

RATINGS RATIONALE

The A3 GOULT rating reflects the county's reduced contingent liability risk under the upcoming sale of the county-owned nursing home. The rating also considers the county's large tax base, adequate financial position and moderate debt burden. Further considerations in the rating are its below average socioeconomic profile with recent population declines and above average pension burden.

The absence of a distinction between the A3 rating on the county's outstanding lease revenue bonds and the county's A3 GOULT rating is based on the lack of appropriation risk, more essential nature of the leased asset (county jail), and the county's GOULT pledge for payment of debt service on the bonds.

RATING OUTLOOK

Outlooks are not typically assigned to local governments with this amount of debt. Removal of the negative outlook is based on reduced contingent liability risk from the county owned nursing home.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Sustained increase in fund balance and liquidity
- Strengthening of wealth and income indicators
- Significant reduction in the county's combined debt and pension burden

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Deterioration in fund balance or liquidity
- Increase in the debt or pension burdens

LEGAL SECURITY

The county's GOULT bonds are secured by its full faith and credit and pledge to levy unlimited ad valorem property taxes. Its lease revenue bonds are secured by the county's pledge to make lease payments that are not subject to appropriation. The lease revenue bonds are additionally secured by the county's full faith and credit and pledge to levy unlimited ad valorem property taxes.

PROFILE

Rock Island County is in the Quad Cities metro area of northwestern Illinois (Baa3 stable). The county seat is the City of Rock Island (A3). The county provides a range of public services including public safety, corrections, public works, recreation and health and social services to approximately 145,000 residents.

METHODOLOGY

The principal methodology used in the general obligation ratings was US Local Government General Obligation Debt published in September 2019. The principal methodology used in the lease rating was Lease, Appropriation, Moral Obligation and Comparable Debt of US State and Local Governments published in July

2018. Please see the Rating Methodologies page on www.moodys.com for a copy of these methodologies.

REGULATORY DISCLOSURES

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Hope Creek Care Center
Pro Forma Financial Statements

BUDGETED CENSUS DAYS AND INCOME STATEMENT

		First Year	Second Year
Budgeted Census Days			
Private Pay		15,301	15,607
Medicaid		37,893	38,651
Medicare		5,423	5,531
Other		4,184	4,278
Total Census Days		62,811	64,067
Budgeted income			
Private Pay	(Rate <u>\$196.76</u>)	\$3,010,555.52	
Private Pay	(Rate <u>\$196.76</u>)		\$3,070,766.63
Medicaid	(Rate <u>\$164.41</u>)	\$6,229,938.06	
Medicaid	(Rate <u>\$164.41</u>)		\$6,354,536.82
Medicare	(Rate <u>\$276.09</u>)	\$1,497,226.91	
Medicare	(Rate <u>\$276.09</u>)		\$1,527,171.45
Other	(Rate <u>\$164.41</u>)	\$689,584.57	
Other	(Rate <u>\$164.41</u>)		\$703,376.27
Other Income (Attach a Schedule)		\$95,956.94	\$97,876.08
Total Income		\$11,523,262.00	\$11,753,727.24
General Services			
Dietary		\$658,458.91	\$665,043.50
Food Purchase		\$403,626.86	\$407,663.13
Housekeeping		\$318,535.25	\$321,720.60
Laundry		\$198,778.06	\$200,765.84
Heat and Other Utilities		\$177,225.24	\$178,997.49
Maintenance		\$274,359.55	\$277,103.15
Other (Specify) _____		\$0.00	\$0.00
Total General Services		\$2,030,983.87	\$2,051,293.71
Health Care Programs			
Medical Director		\$11,400.48	\$11,514.48
Nursing and Medical Records		\$3,780,000.00	\$3,817,800.00
Activities		\$333,581.57	\$336,917.38
Social Services		\$120,474.07	\$121,678.81
Nurse Aide Training		\$1,425.60	\$1,439.86
Program Transportation		\$0.00	\$0.00
Other (Specify) _____		\$0.00	\$0.00
Total Health Care Programs		\$4,246,881.72	\$4,289,350.54
General Administration			
Administrator		\$200,013.60	\$202,013.74
Director's Fee		\$0.00	\$0.00
Professional Services		\$873,356.52	\$882,090.09
Fees, Subscriptions, Promotions		\$3,439.18	\$3,473.57
Clerical and Office Expenses		\$294,634.80	\$297,581.15

Employee Benefits & Payroll Tax	<u>\$1,440,958.35</u>	<u>\$1,455,365.92</u>
In-Service Training & Education	<u>\$0.00</u>	<u>\$0.00</u>
Travel & Seminar	<u>\$0.00</u>	<u>\$0.00</u>
Other Administrative Staff Transportation	<u>\$41,953.46</u>	<u>\$42,373.00</u>
Insurance-Property Liability & Malpractice	<u>\$420,000.00</u>	<u>\$424,200.00</u>
Other (Specify) <u>Provider Taxes & Mgt Fees</u>	<u>\$1,058,644.28</u>	<u>\$1,069,230.73</u>
Total General Administration	<u>\$4,332,998.20</u>	<u>\$4,376,328.18</u>
TOTAL OPERATING EXPENSES	<u>\$10,610,863.79</u>	<u>\$10,716,972.43</u>
Ownership		
Depreciation	<u>\$24,000.00</u>	<u>\$24,000.00</u>
Amortization of Pre-Operation & Organization		
Interest	<u>\$36,000.00</u>	<u>\$36,000.00</u>
Real Estate Taxes	<u>\$300,000.00</u>	<u>\$303,000.00</u>
Rent - Facility and Grounds	<u>\$264,000.00</u>	<u>\$264,000.00</u>
Rent - Equipment and Vehicles		
Other (Specify) _____		
TOTAL OWNERSHIP	<u>\$624,000.00</u>	<u>\$627,000.00</u>
SUMMARY		
Projected Profit (or Loss)	<u>\$288,398.22</u>	<u>\$409,754.82</u>
Owner's Equity at Beginning of Period	<u>\$0.00</u>	<u>\$288,398.22</u>
Owner's Equity at End of Period	<u>\$288,398.22</u>	<u>\$698,153.04</u>

BUDGETED BALANCE SHEET**Current Assets**

Cash on Hand and in Banks	\$120,000.00	\$279,600.00
Cash - Patient Deposits		
Accounts and Short-Term Notes Receivable - Patients		
(less allowance _____)	\$4,013,666.00	\$4,534,759.28
Supply Inventory (priced at _____)		
Short-term Investments		
Pre-paid Expenses	\$411,053.00	\$443,937.24
Accounts Receivable (Owners or Related Parties)		
Other (Specify) _____		
Other (Specify) _____		
Total Current Assets	\$4,544,719.00	\$5,258,296.52

Long-Term Assets

Long-Term Notes Receivable		
Long-Term Investments		
Land		
Buildings, at Historical Cost		
Equipment, at Historical Cost	\$750,000.00	\$872,682.96
Accumulated Amortization ('-' for negative)		
Deferred Charges		
Organization and Pre-Operating Costs	\$75,000.00	\$55,000.00
Accumulate Amortization, Organization and Pre-Operating Costs		
Restricted Funds		
Other Long-Term Assets (Specify) _____		
Other (Specify) _____		
Total Long-Term Assets	\$825,000.00	\$927,682.96

TOTAL ASSETS

\$5,369,719.00	\$6,185,979.48
----------------	----------------

Current Liabilities

Accounts Payable	\$2,881,320.78	\$3,111,826.44
Officer's Accounts Payable		
Patient Deposits		
Short-Term Notes Payable	\$550,000.00	\$594,000.00
Accrued Salaries Payable	\$1,425,000.00	\$1,539,000.00
Accrued Taxes Payable (Excluding Real Estate Taxes)		
Accrued Real Estate Taxes	\$150,000.00	\$162,000.00
Accrued Interest Payable		
Deferred Compensation		
Federal & State Income Tax	\$75,000.00	\$81,000.00
Other Current Liabilities (Specify) _____		
Total Current Liabilities	\$5,081,320.78	\$5,487,826.44

Long-Term Liabilities

Long-Term Notes Payable		
Mortgage Payable		
Bonds Payable		
Deferred Compensation		

Other Long-Term Liabilities (Specify)		
Total Long-Term Liabilities	\$0.00	\$0.00
TOTAL LIABILITIES	\$5,081,320.78	\$5,487,826.44
SUMMARY		
Total Equity	\$288,398.22	\$698,153.04
Total Liabilities and Equity	\$5,369,719.00	\$6,185,979.48
	\$0.00	\$0.00

Section X, Economic Feasibility Review Criteria

Criterion 1120.140(a), Reasonableness of Financing Arrangements

Attached at Attachment – 23A is a letter from Hope Creek Nursing and Rehabilitation Center, LLC attesting the total estimated project costs will be funded through cash.

June 2, 2020

Debra Savage
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

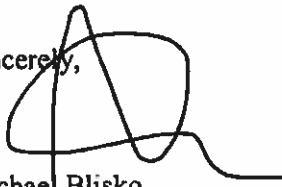
Re: Reasonableness of Financing Arrangements

Dear Chair Savage:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funded in part by borrowing because borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

I further certify the pursuant to 77 Ill. Admin Code § 1120.140(b) that the selected form of debt financing for the project will be at the lowest net cost available

Sincerely,



Michael Blisko
Manager, Hope Creek Nursing and Rehabilitation Center, LLC

Subscribed and sworn to me

This ____ day of _____, 2020

Notary Public

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(b), Conditions of Debt Financing

The project will be funded entirely with cash and cash equivalents. Accordingly, this criterion is not applicable.

Section X, Economic Feasibility Review Criteria**Criterion 1120.140(c), Reasonableness of Project and Related Costs**

The Applicants propose a change in the operator of the Nursing Home. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(d), Projected Operating Costs

Operating Expenses: \$10,610,864

Resident Days: 62,811

Operating Expense per Resident Day: \$168.93

Section X, Economic Feasibility Review Criteria**Criterion 1120.140(e), Total Effect of Project on Capital Costs****Capital Costs:**

Depreciation: \$ 24,000

Amortization: \$ 0

Interest \$ 36,000

Total Capital Costs: \$60,000**Resident Days: 62,811****Capital Costs per Resident Day: \$.96**

Section VIII, Safety Net Impact Statement

The Applicants propose a change of ownership of Hope Creek Nursing & Rehab. A change of ownership constitutes a non-substantive project. Accordingly, this criterion is not applicable.

Section IX. Charity Care Information

Hope Creek Nursing & Rehab as a county owned facility has no historical data on charity care. Thus, it cannot report charity care data.

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

INDEX OF ATTACHMENTS			
ATTACHMENT NO.			PAGES
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3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.		49
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.		50-53
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16	Unfinished or Shell Space		69
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23	Economic Feasibility		113-118
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150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606 • (312) 819-1900

June 6, 2020

Anne M. Cooper
(312) 873-3606
(312) 819-1910 fax
acooper@polsinelli.com

FEDERAL EXPRESS

Michael Constantino
Supervisor, Project Review Section
Illinois Department of Public Health
Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Application for Permit – Hope Creek Care Center

Dear Mr. Constantino:

I am writing on behalf of The County of Rock Island, Hope Creek Nursing and Rehabilitation Center, LLC, and 4343 Kennedy Drive, LLC (the “Applicants”) to submit the attached Application for Permit to for a change of ownership of Hope Creek Care Center. For your review, I have attached an original and one copy of the following documents:

1. Check for \$2,500 for the application processing fee;
2. Request for Expedited Review
3. Completed Application for Permit;
4. Draft Operations Transfer Agreement; and
5. Authorization to Access Information.

Thank you for your time and consideration of the Applicant’s application for permit. If you have any questions or need any additional information to complete your review of the Hope Creek Care Center application for permit, please feel free to contact me.

Sincerely,

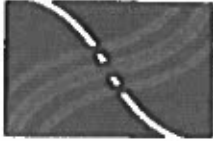
A handwritten signature in blue ink that reads 'Anne M. Cooper'.

Anne M. Cooper

Attachments

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Phoenix St. Louis San Francisco Seattle Silicon Valley Washington, D.C. Wilmington
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**Rock
Island
County**

Rock Island County
1504 Third Avenue
Rock Island, IL 61201
(309) 558-3619
www.rockislandcounty.org

May 20, 2020

Via Email

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Request for Expedited Review – Hope Creek Care Center

Dear Ms. Avery:

I am writing on behalf of the Rock Island County Board to request expedited review of the certificate of need ("CON") application for the change of ownership of Hope Creek Care Center, and to consider it at the June 30, 2020 Health Facilities and Services Review Board ("State Board") meeting. On February 25, 2020, the Rock Island County Board passed a resolution to sell Hope Creek Care Center to Aperion Care, Inc. Pursuant to terms of the resolution, the sale of Hope Creek Care Center must close on or before July 1, 2020. The application was filed today.

The current financial condition of the County is strained because of the lack of revenues due to COVID19 related issues as well as the continuing drain the facility has had upon the County's reserves. Currently, Hope Creek is losing anywhere from \$100,000 to \$150,000 per month. If the application is not granted to allow the closing on July 1, 2020, there is a significant chance the County may have to close the facility because it will not be able to pay the vendors.

Assuming the State Board staff has the capability from a work load perspective, we believe, based on the State Board's rules that this application could be heard at the June 30, 2020 State Board meeting. Further, there are no other projects pending in the State that are similar to this project so there is no competitive advantage vis-à-vis another applicant that would restrain the State Board from expediting its consideration of the CON Application.

Thank you for your time and consideration of Rock Island County's request for expedited review of the Hope Creek Care Center CON Application. If you have any questions or need any additional information, please feel free to contact me.

Sincerely,

Richard H. "Quijas" Brunk
County Board Chairman